

STATE OF MINNESOTA

EIGHTY-FIRST SESSION — 1999

 FIFTY-SIXTH DAY

SAINT PAUL, MINNESOTA, MONDAY, MAY 3, 1999

The House of Representatives convened at 10:00 a.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by the Reverend Lonnie E. Titus, House Chaplain.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Abeler	Dorman	Holberg	Lieder	Paymar	Tomassoni
Abrams	Dorn	Holsten	Lindner	Pelowski	Trimble
Anderson, B.	Entenza	Howes	Luther	Peterson	Tuma
Anderson, I.	Erhardt	Huntley	Mahoney	Pugh	Tunheim
Bakk	Erickson	Jaros	Mares	Rest	Van Dellen
Biernat	Finseth	Jennings	Marko	Reuter	Vandever
Bishop	Folliard	Johnson	McElroy	Rifenberg	Wagenius
Boudreau	Fuller	Juhnke	McGuire	Rostberg	Wejzman
Bradley	Gerlach	Kahn	Milbert	Rukavina	Wenzel
Broecker	Gleason	Kalis	Mulder	Schumacher	Westerberg
Buesgens	Goodno	Kelliher	Mullery	Seagren	Westfall
Carlson	Gray	Kielkucki	Murphy	Seifert, J.	Westrom
Carruthers	Greenfield	Knoblach	Ness	Seifert, M.	Wilkin
Cassell	Greiling	Koskinen	Nornes	Skoe	Winter
Chaudhary	Gunther	Krinkie	Olson	Skoglund	Wolf
Clark, J.	Haake	Kubly	Opatz	Smith	Workman
Clark, K.	Haas	Kuisle	Orfield	Solberg	Spk. Sviggum
Daggett	Hackbarth	Larsen, P.	Osskopp	Stang	
Davids	Harder	Larsen, D.	Osthoff	Storm	
Dawkins	Hasskamp	Leighton	Ozment	Swenson	
Dehler	Hausman	Lenczewski	Paulsen	Sykora	
Dempsey	Hilty	Leppik	Pawlenty	Tingelstad	

A quorum was present.

McCollum and Rhodes were excused.

Otremba was excused until 10:45 a.m. Mariani was excused until 11:00 a.m. Munger was excused until 12:35 p.m. Stanek was excused until 12:45 p.m. Molnau was excused until 1:45 p.m.

The Chief Clerk proceeded to read the Journals of the preceding days. Van Dellen moved that further reading of the Journals be suspended and that the Journals be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

S. F. No. 84 and H. F. No. 578, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Skoglund moved that S. F. No. 84 be substituted for H. F. No. 578 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 233 and H. F. No. 160, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Bishop moved that the rules be so far suspended that S. F. No. 233 be substituted for H. F. No. 160 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Abrams from the Committee on Taxes to which was referred:

H. F. No. 1015, A bill for an act relating to elections; providing for redistricting; amending Minnesota Statutes 1998, sections 204B.135, by adding a subdivision; 204B.14, subdivision 4; 204B.146, by adding a subdivision; and 205.84.

Reported the same back with the following amendments:

Page 1, delete section 1

Re-number the sections in sequence

Amend the title as follows:

Page 1, lines 3 and 4, delete "204B.135, by adding a subdivision;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Bishop from the Committee on Ways and Means to which was referred:

H. F. No. 1388, A bill for an act relating to appropriations; authorizing state bonds; appropriating money for design, architectural drawings, and construction of a World War II veterans memorial.

Reported the same back with the following amendments:

Page 1, line 9, delete "(a)" and after "fund" insert "to the commissioner of administration"

Page 1, delete lines 16 to 25

Page 2, delete lines 1 to 5

Amend the title as follows:

Page 1, line 2, delete "authorizing state bonds;"

Page 1, line 3, delete the comma and insert "and"

Page 1, line 4, delete ", and construction"

With the recommendation that when so amended the bill pass.

The report was adopted.

Abrams from the Committee on Taxes to which was referred:

H. F. No. 1482, A bill for an act relating to the metropolitan radio board; extending the sunset date for the board; requiring certain budget data and a report; amending Minnesota Statutes 1998, sections 473.897, subdivision 1; and 473.901, subdivision 2; Laws 1995, chapter 195, article 1, section 18.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Abrams from the Committee on Taxes to which was referred:

H. F. No. 2352, A bill for an act relating to taxation; reenacting certain provisions of Laws 1997, chapter 231, relating to tax classification provisions for certain housing facilities, tax increment financing, and tax abatement and providing for retroactive application.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1015, 1388, 1482 and 2352 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 84 and 233 were read for the second time.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1051, A bill for an act relating to employment; requiring the commissioner of economic security to collect certain information about employment and training programs.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 15, A bill for an act relating to education; amending the state graduation standards; providing for districts to adopt rigorous academic standards; providing for statewide accountability; amending Minnesota Statutes 1998, sections 120B.02; 120B.30, subdivision 1; 120B.31, subdivisions 1, 3, and 4; and 136A.233, subdivision 4; repealing Minnesota Statutes 1998, sections 120B.03; and 120B.04; Minnesota Rules, parts 3501.0300; 3501.0310; 3501.0320; 3501.0330; 3501.0340; 3501.0350; 3501.0360; 3501.0370; 3501.0380; 3501.0390; 3501.0400; 3501.0410; 3501.0420; 3501.0430; 3501.0440; 3501.0441; 3501.0442; 3501.0443; 3501.0444; 3501.0445; 3501.0446; 3501.0447; 3501.0448; 3501.0449; 3501.0450; 3501.0460; 3501.0461; 3501.0462; 3501.0463; 3501.0464; 3501.0465; 3501.0466; 3501.0467; 3501.0468; and 3501.0469.

The Senate has appointed as such committee:

Senators Pogemiller; Scheid; Johnson, D. E.; Robertson and Laidig.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 1079, A bill for an act relating to alcoholic beverages; authorizing acceptance of certain coupons by retailers of alcoholic beverages; authorizing issuance of on-sale and temporary on-sale intoxicating liquor licenses in Minneapolis, St. Paul, Detroit Lakes, Eden Prairie, International Falls, Marshall, Proctor, and Stillwater;

providing for duration of on-sale intoxicating liquor licenses for seasonal tour boats; amending Minnesota Statutes 1998, sections 340A.404, subdivisions 2, 8, and by adding a subdivision; 340A.412, subdivision 4; and 340A.5071; repealing Laws 1998, chapter 364, section 13.

The Senate has appointed as such committee:

Senators Solon, Larson and Metzen.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 726, A bill for an act relating to capital improvements; providing standards for state assistance to capital improvement projects of political subdivisions; proposing coding for new law in Minnesota Statutes, chapter 16A.

PATRICK E. FLAHAVEN, Secretary of the Senate

Knoblach moved that the House refuse to concur in the Senate amendments to H. F. No. 726, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 2067, A bill for an act relating to juvenile justice; when an extended jurisdiction juvenile offender has stayed sentence executed for violation of stay no credit is granted for time in juvenile facility; amending Minnesota Statutes 1998, section 260.126, subdivision 5.

PATRICK E. FLAHAVEN, Secretary of the Senate

Westerberg moved that the House refuse to concur in the Senate amendments to H. F. No. 2067, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 2420, A bill for an act relating to financing state and local government; providing a sales tax rebate; reducing individual income tax rates; making changes to income, sales and use, property, excise, mortgage registry and deed, health care provider, motor fuels, cigarette and tobacco, liquor, insurance premiums, aircraft registration,

lawful gambling, taconite production, solid waste, and special taxes; establishing an agricultural homestead credit; changing and allowing tax credits, subtractions, and exemptions; changing property tax valuation, assessment, levy, classification, homestead, credit, aid, exemption, review, appeal, abatement, and distribution provisions; extending levy limits and changing levy authority; providing for reverse referenda on certain levy increases; phasing out health care provider taxes; extending the suspension of the tax on certain insurance premiums; reducing tax rates on lawful gambling; changing tax increment financing law and providing special authority for certain cities; authorizing water and sanitary sewer districts; providing for the funding of courts in certain judicial districts; changing tax forfeiture and delinquency provisions; changing and clarifying tax administration, collection, enforcement, and penalty provisions; freezing the taconite production tax and providing for its distribution; providing for funding for border cities; changing fiscal note requirements; providing for deposit of tobacco settlement funds; providing for allocation of certain budget surpluses; requiring studies; establishing a task force; and providing for appointments; transferring funds; appropriating money; amending Minnesota Statutes 1998, sections 3.986, subdivision 2; 3.987, subdivision 1; 16A.152, subdivision 2, and by adding a subdivision; 16A.1521; 60A.15, subdivision 1; 62J.041, subdivision 1; 62Q.095, subdivision 6; 92.51; 97A.065, subdivision 2; 214.16, subdivisions 2 and 3; 270.07, subdivision 1; 270.65; 270.67, by adding a subdivision; 270B.01, subdivision 8; 270B.14, subdivision 1, and by adding a subdivision; 271.01, subdivision 5; 271.21, subdivision 2; 272.02, subdivision 1; 272.027; 272.03, subdivision 6; 273.11, subdivisions 1a and 16; 273.111, by adding a subdivision; 273.124, subdivisions 1, 7, 8, 13, 14, and by adding a subdivision; 273.13, subdivisions 22, 23, 24, 25, 31, and by adding a subdivision; 273.1382; 273.1398, subdivisions 2, 8, and by adding a subdivision; 273.1399, subdivision 6; 273.20; 274.01, subdivision 1; 275.065, subdivisions 3, 5a, 6, 8, and by adding a subdivision; 275.07, subdivision 1; 275.71, subdivisions 2, 3, and 4; 276.131; 279.37, subdivisions 1, 1a, and 2; 281.23, subdivisions 2, 4, and 6; 282.01, subdivisions 1, 4, and 7; 282.04, subdivision 2; 282.05; 282.08; 282.09; 282.241; 282.261, subdivision 4, and by adding a subdivision; 283.10; 287.01, subdivision 3, as amended; 287.05, subdivisions 1, as amended, and 1a, as amended; 289A.02, subdivision 7; 289A.18, subdivision 4; 289A.20, subdivision 4; 289A.31, subdivision 2; 289A.40, subdivisions 1 and 1a; 289A.50, subdivision 7, and by adding a subdivision; 289A.56, subdivision 4; 289A.60, subdivisions 3 and 21; 290.01, subdivisions 7, 19, 19a, 19b, 19f, 31, and by adding a subdivision; 290.06, subdivisions 2c, 2d, and by adding subdivisions; 290.0671, subdivision 1; 290.0672, subdivision 1; 290.0674, subdivisions 1 and 2; 290.091, subdivisions 1, 2, and 6; 290.0921, subdivision 5; 290.095, subdivision 3; 290.17, subdivisions 3, 4, and 6; 290.191, subdivisions 2 and 3; 290.9725; 290.9726, by adding a subdivision; 290A.03, subdivisions 3 and 15; 290B.03, subdivision 1; 290B.04, subdivisions 3 and 4; 290B.05, subdivision 1; 291.005, subdivision 1; 295.50, subdivision 4; 295.52, subdivision 7; 295.53, subdivision 1; 295.55, subdivisions 2 and 3; 296A.16, by adding subdivisions; 297A.01, subdivision 15; 297A.15, subdivision 5; 297A.25, subdivisions 9, 11, 63, 73, and by adding subdivisions; 297A.48, by adding a subdivision; 297B.01, subdivision 7; 297B.03; 297E.01, by adding a subdivision; 297E.02, subdivisions 1, 3, 4, and 6; 297F.01, subdivision 23; 297F.17, subdivision 6; 297H.05; 297H.06, subdivision 2; 298.24, subdivision 1; 298.28, subdivision 9a; 299D.03, subdivision 5; 357.021, subdivision 1a; 360.55, by adding a subdivision; 375.192, subdivision 2; 383C.482, subdivision 1; 465.82, by adding a subdivision; 469.169, subdivision 12, and by adding a subdivision; 469.1735, by adding a subdivision; 469.176, subdivision 4g; 469.1763, by adding a subdivision; 469.1771, subdivision 1, and by adding a subdivision; 469.1791, subdivision 3; 469.1813, subdivisions 1, 2, 3, 6, and by adding a subdivision; 469.1815, subdivision 2; 473.249, subdivision 1; 473.252, subdivision 2; 473.253, subdivision 1; 477A.03, subdivision 2; 477A.06, subdivision 1; 485.018, subdivision 5; 487.02, subdivision 2; 487.32, subdivision 3; 487.33, subdivision 5; and 574.34, subdivision 1; Laws 1988, chapter 645, section 3; Laws 1997, chapter 231, article 1, section 19, subdivisions 1 and 3; Laws 1997, chapter 231, article 3, section 9; Laws 1997, First Special Session chapter 3, section 27; Laws 1997, Second Special Session chapter 2, section 6; Laws 1998, chapter 389, article 1, section 1; and Laws 1998, chapter 389, article 8, section 44, subdivisions 5, 6, and 7, as amended; proposing coding for new law in Minnesota Statutes, chapters 16A; 62Q; 256L; 275; 297A; 469; and 473; repealing Minnesota Statutes 1998, sections 13.99, subdivision 86b; 16A.724; 16A.76; 92.22; 144.1484, subdivision 2; 256L.02, subdivision 3; 273.11, subdivision 10; 280.27; 281.13; 281.38; 284.01; 284.02; 284.03; 284.04; 284.05; 284.06; 295.50; 295.51; 295.52; 295.53; 295.54; 295.55; 295.56; 295.57; 295.58; 295.582; 295.59; 297E.12, subdivision 3; 297F.19, subdivision 4; 297G.18, subdivision 4; and 473.252, subdivisions 4 and 5; Laws 1997, chapter 231, article 1, section 19, subdivision 2; and Laws 1998, chapter 389, article 3, section 45.

Abrams moved that the House refuse to concur in the Senate amendments to H. F. No. 2420, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2234.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2234

A bill for an act relating to public administration; making deficiency appropriations for state government operations; transferring money; appropriating money.

April 29, 1999

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2234, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 2234 be further amended as follows:

Page 1, line 15, delete "1,000,000" and insert "800,000"

Page 1, line 20, delete "\$17,361,000" and insert "\$17,161,000"

Page 1, line 21, delete "5,085,000" and insert "4,885,000"

Page 1, line 25, delete "17,361,000" and insert "17,161,000"

Page 2, line 24, delete "1,000,000" and insert "800,000"

Page 2, line 25, delete "\$1,000,000" and insert "(a) \$800,000"

Page 2, line 28, after the period, insert:

"Notwithstanding Laws 1994, chapter 643, section 27, subdivision 2, as amended by Laws 1996, chapter 463, section 54, the zoological board may institute an admission fee increase before April 1, 2000.

(b) The zoological board must submit a report to the governor and legislature by February 1, 2000, analyzing alternative governing structures, including, but not limited to, conversion to a private nonprofit or local governmental entity. The report must include analysis of the impact on ownership of the facility, impacts on employees, and ongoing costs to the state related to any changes in governance structure. Release of the 2001 appropriation is contingent upon making significant progress toward financial self-sufficiency."

Adjust totals and numbers accordingly

We request adoption of this report and repassage of the bill.

Senate Conferees: RICHARD J. COHEN, KEITH LANGSETH AND DENNIS R. FREDERICKSON.

House Conferees: DAVE BISHOP, CHRIS GERLACH AND TOM OSTHOFF.

Bishop moved that the report of the Conference Committee on S. F. No. 2234 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

EXCUSED FROM VOTING PURSUANT TO RULE 2.05

Pursuant to rule 2.05, the Speaker excused Pawlenty from voting on the repassage of S. F. No. 2234, as amended by Conference.

S. F. No. 2234, A bill for an act relating to public administration; making deficiency appropriations for state government operations; transferring money; appropriating money.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 115 yeas and 9 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehler	Haake	Kelliher	McGuire	Rifenberg
Abrams	Dempsey	Haas	Kielkucki	Milbert	Rostberg
Anderson, I.	Dorman	Hackbarth	Knoblach	Mulder	Rukavina
Bakk	Dorn	Harder	Koskinen	Mullery	Schumacher
Biernat	Entenza	Hasskamp	Kubly	Ness	Seagren
Bishop	Erhardt	Hausman	Kuisle	Nornes	Seifert, J.
Boudreau	Erickson	Hilty	Larsen, P.	Opatz	Seifert, M.
Bradley	Finseth	Holberg	Larson, D.	Orfield	Skoe
Broecker	Folliard	Holsten	Leighton	Osthoff	Skoglund
Carlson	Fuller	Howes	Lenczewski	Ozment	Smith
Carruthers	Gerlach	Huntley	Leppik	Paulsen	Solberg
Cassell	Gleason	Jaros	Lieder	Paymar	Stang
Clark, J.	Goodno	Jennings	Luther	Pelowski	Storm
Clark, K.	Gray	Johnson	Mahoney	Peterson	Swenson
Daggett	Greenfield	Juhnke	Mares	Pugh	Sykora
Davids	Greiling	Kahn	Marko	Rest	Tingelstad
Dawkins	Gunther	Kalis	McElroy	Reuter	Tomassoni

Trimble	Vandev eer	Wenzel	Winter	Spk. Sviggum
Tuma	Wagenius	Westfall	Wolf	
Tunheim	Wejcman	Westrom	Workman	

Those who voted in the negative were:

Anderson, B.	Krinkie	Olson	Van Dellen	Wilkin
Buesgens	Lindner	Osskopp	Westerberg	

The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1639.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1639, A bill for an act relating to offender rehabilitation; exempting the licensing of certain taxicab drivers from the requirements of chapter 364; amending Minnesota Statutes 1998, section 364.09.

The bill was read for the first time.

Mahoney moved that S. F. No. 1639 and H. F. No. 1890, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 70

A bill for an act relating to public safety; authorizing law enforcement agencies to sell forfeited firearms, ammunition, and firearm accessories to firearms dealers; allowing certain agencies to retain forfeited money for crime prevention use; amending Minnesota Statutes 1998, section 609.5315, subdivisions 1 and 2.

April 28, 1999

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 70, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 70 be further amended as follows:

Page 1, line 11, before "If" insert "(a) Subject to paragraph (b)."

Page 2, after line 12, insert:

"(b) Notwithstanding paragraph (a), the Hennepin or Ramsey county sheriff may not sell firearms, ammunition, or firearms accessories if the policy is disapproved by the applicable county board."

We request adoption of this report and repassage of the bill.

House Conferees: ROXANN DAGGETT AND DAVID TOMASSONI.

Senate Conferees: PAT PARISEAU, JOHN C. HOTTINGER AND ALLAN H. SPEAR.

Daggett moved that the report of the Conference Committee on H. F. No. 70 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 70, A bill for an act relating to public safety; authorizing law enforcement agencies to sell forfeited firearms, ammunition, and firearm accessories to firearms dealers; allowing certain agencies to retain forfeited money for crime prevention use; amending Minnesota Statutes 1998, section 609.5315, subdivisions 1 and 2.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 97 yeas and 30 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Jennings	Marko	Rifenberg	Tunheim
Abrams	Erhardt	Juhnke	McElroy	Rostberg	Van Dellen
Anderson, B.	Erickson	Kalis	McGuire	Rukavina	Vandever
Anderson, I.	Finseth	Kielkucki	Mulder	Schumacher	Wenzel
Bakk	Fuller	Knoblach	Ness	Seagren	Westerberg
Bishop	Gerlach	Krinkie	Nornes	Seifert, M.	Westfall
Boudreau	Goodno	Kubly	Olson	Skoe	Westrom
Bradley	Gunther	Kuisle	Opatz	Smith	Wilkin
Broecker	Haake	Larsen, P.	Osskopp	Solberg	Winter
Buesgens	Haas	Larson, D.	Otremba	Stang	Wolf
Cassell	Hackbarth	Leighton	Ozment	Storm	Workman
Clark, J.	Harder	Lenczewski	Paulsen	Swenson	Spk. Sviggum
Daggett	Hasskamp	Leppik	Pawlenty	Sykora	
Davids	Holberg	Lieder	Pelowski	Tingelstad	
Dehler	Holsten	Lindner	Peterson	Tomassoni	
Dempsey	Howes	Mahoney	Pugh	Trimble	
Dorman	Huntley	Mares	Reuter	Tuma	

Those who voted in the negative were:

Biernat	Dawkins	Greenfield	Johnson	Milbert	Rest
Carlson	Entenza	Greiling	Kahn	Mullery	Seifert, J.
Carruthers	Folliard	Hausman	Kelliher	Orfield	Skoglund
Chaudhary	Gleason	Hilty	Koskinen	Osthoff	Wagenius
Clark, K.	Gray	Jaros	Luther	Paymar	Wejzman

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 174

A bill for an act relating to the Paynesville area hospital district; authorizing the district to annex the city of Richmond to the district.

April 22, 1999

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 174, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment.

We request adoption of this report and repassage of the bill.

House Conferees: DOUG STANG, STEVE DEHLER AND AL JUHNKE.

Senate Conferees: MICHELLE L. FISCHBACH, JIM VICKERMAN AND DALLAS C. SAMS.

Stang moved that the report of the Conference Committee on H. F. No. 174 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 174, A bill for an act relating to the Paynesville area hospital district; authorizing the district to annex the city of Richmond to the district.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 127 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abeler	Clark, K.	Gleason	Howes	Larsen, P.	Mulder
Abrams	Daggett	Goodno	Huntley	Larson, D.	Mullery
Anderson, B.	Dauids	Gray	Jaros	Leighton	Murphy
Anderson, I.	Dawkins	Greenfield	Jennings	Lenczewski	Ness
Bakk	Dehler	Greiling	Johnson	Leppik	Nornes
Biernat	Dempsey	Gunther	Juhnke	Lieder	Olson
Boudreau	Dorman	Haake	Kahn	Lindner	Opatz
Bradley	Dorn	Haas	Kalis	Luther	Orfield
Broecker	Entenza	Hackbarth	Kelliher	Mahoney	Osskopp
Buesgens	Erhardt	Harder	Kielkucki	Mares	Osthoff
Carlson	Erickson	Hasskamp	Knoblach	Mariani	Otremba
Carruthers	Finseth	Hausman	Koskinen	Marko	Ozment
Cassell	Folliard	Hilty	Krinkie	McElroy	Paulsen
Chaudhary	Fuller	Holberg	Kubly	McGuire	Pawlenty
Clark, J.	Gerlach	Holsten	Kuisle	Milbert	Paymar

Pelowski	Rukavina	Smith	Tomassoni	Wejcman	Workman
Peterson	Schumacher	Solberg	Trimble	Wenzel	Spk. Sviggum
Pugh	Seagren	Stang	Tuma	Westerberg	
Rest	Seifert, J.	Storm	Tunheim	Westfall	
Reuter	Seifert, M.	Swenson	Van Dellen	Wilkin	
Rifenberg	Skoe	Sykora	Vandev eer	Winter	
Rostberg	Skoglund	Tingelstad	Wagenius	Wolf	

Those who voted in the negative were:

Westrom

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 837

A bill for an act relating to insurance; regulating insurers, agents, and coverages; modifying reporting requirements; regulating the rehabilitation and liquidation of insurers; modifying certain notice and disclosure provisions; modifying certain definitions; making technical changes; amending Minnesota Statutes 1998, sections 60A.02, subdivision 1a, and by adding a subdivision; 60A.052, subdivision 2, and by adding a subdivision; 60A.06, subdivisions 1 and 2; 60A.075, by adding a subdivision; 60A.092, subdivisions 6 and 11; 60A.10, subdivision 1; 60A.111, subdivision 1; 60A.13, subdivision 1; 60A.16, subdivisions 2, 3, and 4; 60A.19, subdivision 1; 60A.32; 60B.21, subdivision 2; 60B.25; 60B.26, subdivision 1; 60B.39, subdivision 2; 60B.44, subdivisions 4, 6, and by adding subdivisions; 60D.20, subdivision 2; 60K.02, subdivision 1; 60K.03, subdivisions 2 and 3; 60K.19, subdivision 8; 61A.276, subdivision 2; 61A.60, subdivision 1; 61B.19, subdivision 3; 62A.04, subdivision 3; 62A.135, subdivision 5; 62A.50, subdivision 3; 62A.61; 62A.65, subdivision 5; 62B.04, subdivision 2; 62D.12, subdivision 2; 62E.02, subdivision 1; 62E.05, subdivision 1; 62E.09; 62E.13, subdivisions 6 and 8; 62E.14, subdivision 2; 62E.15, subdivision 2; 62L.07, subdivision 1; 62L.02, subdivision 24; 62L.03, subdivision 5; 62L.05, subdivision 5; 62L.14, subdivision 7; 62Q.185; 62S.01, subdivision 14; 62S.05, subdivision 2; 65A.01, subdivision 1; 65A.27, subdivision 4; 65A.29, subdivision 4; 65B.02, subdivision 2; 65B.44, subdivision 1; 65B.48, subdivision 5; 72A.125, subdivision 3; 72A.20, subdivision 29; 72B.04, subdivision 10; 79A.01, subdivision 10, and by adding a subdivision; 79A.02, subdivisions 1 and 4; 79A.03, subdivisions 6, 7, 9, 10, and by adding a subdivision; 79A.21, subdivision 2; 79A.23, subdivisions 1 and 2; and 256B.0644; proposing coding for new law in Minnesota Statutes, chapter 60B; repealing Minnesota Statutes 1998, sections 60A.11, subdivision 24a; 60B.36; 60B.44, subdivisions 3 and 5; 60K.08; 65A.29, subdivision 12; and 79A.04, subdivision 8; Minnesota Rules, part 2780.0500, item C.

April 16, 1999

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 837, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 837 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 60A.02, subdivision 1a, is amended to read:

Subd. 1a. [ASSOCIATION OR ASSOCIATIONS.] (a) "Association" or "associations" means an organized body of people who have some interest in common and that has at the onset a minimum of 100 persons; is organized and maintained in good faith for purposes other than that of obtaining insurance; and has a constitution and bylaws which provide that: (1) the association or associations hold regular meetings not less frequently than annually to further purposes of the members; (2) except for credit unions, the association or associations collect dues or solicit contributions from members; (3) the members have voting privileges and representation on the governing board and committees, which provide the members with control of the association including the purchase and administration of insurance products offered to members; and (4) the members are not, within the first 30 days of membership, directly solicited, offered, or sold an insurance policy if the policy is available as an association benefit.

(b) An association may apply to the commissioner for a waiver of the 30-day waiting period to that association. The commissioner may grant the waiver upon a finding of ~~at least three~~ at least three of the following: (1) the association is in full compliance with this subdivision; (2) sanctions have not been imposed against the association as a result of significant disciplinary action by the commissioner; ~~and~~ (3) at least 80 percent of the association's income comes from dues, contributions, or sources other than income from the sale of insurance; or (4) the association has been organized and maintained for at least ten years.

Sec. 2. Minnesota Statutes 1998, section 60A.02, is amended by adding a subdivision to read:

Subd. 2b. [FILED.] In cases where a law requires documents to be filed with the commissioner, the documents will be considered filed when they are received by the department of commerce.

Sec. 3. Minnesota Statutes 1998, section 60A.052, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OR REVOCATION OF AUTHORITY OR CENSURE.] If the commissioner determines that one of the conditions listed in subdivision 1 exists, the commissioner may issue an order requiring the insurance company to show cause why any or all of the following should not occur: (1) revocation or suspension of any or all certificates of authority granted to the foreign or domestic insurance company or its agent; (2) censuring of the insurance company; ~~or~~ (3) cancellation of all or some of the company's insurance contracts then in force in this state; or (4) the imposition of a civil penalty. The order shall be calculated to give reasonable notice of the time and place for hearing thereon, and shall state the reasons for the entry of the order. All hearings shall be conducted in accordance with chapter 14. The insurer may waive its right to the hearing. If the insurer is under the supervision or control of the insurance department of the insurer's state of domicile, that insurance department, acting on behalf of the insurer, may waive the insurer's right to the hearing. After the hearing, the commissioner shall enter an order disposing of the matter as the facts require. If the insurance company fails to appear at a hearing after having been duly notified of it, the company shall be considered in default, and the proceeding may be determined against the company upon consideration of the order to show cause, the allegations of which may be considered to be true.

Sec. 4. Minnesota Statutes 1998, section 60A.052, is amended by adding a subdivision to read:

Subd. 4a. [WITHDRAWAL OF INSURER FROM STATE.] No insurer shall withdraw from this state until its direct liability to its policyholders and obligees under all its insurance contracts then in force in this state have been assumed by another licensed insurer according to section 60A.09, subdivision 4a.

Sec. 5. Minnesota Statutes 1998, section 60A.06, subdivision 1, is amended to read:

Subdivision 1. [STATUTORY LINES.] Insurance corporations may be authorized to transact in any state or territory in the United States, in the Dominion of Canada, and in foreign countries, when specified in their charters or certificates of incorporation, either as originally granted or as thereafter amended, any of the following kinds of

business, upon the stock plan, or upon the mutual plan when the formation of such mutual companies is otherwise authorized by law; and business trusts as authorized by law of this state shall only be authorized to transact in this state the following kind of business hereinafter specified in clause (7) hereof when specified in their "declaration of trust":

(1) To insure against loss or damage to property on land and against loss of rents and rental values, leaseholds of buildings, use and occupancy and direct or consequential loss or damage caused by fire, smoke or smudge, water or other fluid or substance, lightning, windstorm, tornado, cyclone, earthquake, collapse and slippage, rain, hail, frost, snow, freeze, change of temperature, weather or climatic conditions, excess or deficiency of moisture, floods, the rising of waters, oceans, lakes, rivers or their tributaries, bombardment, invasion, insurrection, riot, civil war or commotion, military or usurped power, electrical power interruption or electrical breakdown from any cause, railroad equipment, motor vehicles or aircraft, accidental injury to sprinklers, pumps, conduits or containers or other apparatus erected for extinguishing fires, explosion, whether fire ensues or not, except explosions on risks specified in clause (3); provided, however, that there may be insured hereunder the following: (a) explosion of any kind originating outside the insured building or outside of the building containing the property insured, (b) explosion of pressure vessels which do not contain steam or which are not operated with steam coils or steam jackets; and (c) risks under home owners multiple peril policies;

(2)(a) To insure vessels, freight, goods, wares, merchandise, specie, bullion, jewels, profits, commissions, bank notes, bills of exchange, and other evidences of debt, bottomry and respondentia interest, and every insurance appertaining to or connected with risks of transportation and navigation on and under water, on land or in the air;

(b) To insure all personal property floater risks;

(3) To insure against any loss from either direct or indirect damage to any property or interest of the assured or of another, resulting from the explosion of or injury to (a) any boiler, heater or other fired pressure vessel; (b) any unfired pressure vessel; (c) pipes or containers connected with any of said boilers or vessels; (d) any engine, turbine, compressor, pump or wheel; (e) any apparatus generating, transmitting or using electricity; (f) any other machinery or apparatus connected with or operated by any of the previously named boilers, vessels or machines; and including the incidental power to make inspections of and to issue certificates of inspection upon, any such boilers, apparatus, and machinery, whether insured or otherwise;

(4) To make contracts of life and endowment insurance, to grant, purchase, or dispose of annuities or endowments of any kind; and, in such contracts, or in contracts supplemental thereto to provide for additional benefits in event of death of the insured by accidental means, total permanent disability of the insured, or specific dismemberment or disablement suffered by the insured, or acceleration of life or endowment or annuity benefits in advance of the time they would otherwise be payable;

(5)(a) To insure against loss or damage by the sickness, bodily injury or death by accident of the assured or dependents, or those for whom the assured has assumed a portion of the liability for the loss or damage, including liability for payment of medical care costs or for provision of medical care;

(b) To insure against the legal liability, whether imposed by common law or by statute or assumed by contract, of employers for the death or disablement of, or injury to, employees;

(6) To guarantee the fidelity of persons in fiduciary positions, public or private, or to act as surety on official and other bonds, and for the performance of official or other obligations;

(7) To insure owners and others interested in real estate against loss or damage, by reason of defective titles, encumbrances, or otherwise;

(8) To insure against loss or damage by breakage of glass, located or in transit;

(9)(a) To insure against loss by burglary, theft, or forgery;

(b) To insure against loss of or damage to moneys, coins, bullion, securities, notes, drafts, acceptance or any other valuable paper or document, resulting from any cause, except while in the custody or possession of and being transported by any carrier for hire or in the mail;

(c) To insure individuals by means of an all risk type of policy commonly known as the "personal property floater" against any kind and all kinds of loss of or damage to, or loss of use of, any personal property other than merchandise;

(d) To insure against loss or damage by water or other fluid or substance;

(10) To insure against loss from death of domestic animals and to furnish veterinary service;

(11) To guarantee merchants and those engaged in business, and giving credit, from loss by reason of giving credit to those dealing with them; this shall be known as credit insurance;

(12) To insure against loss or damage to automobiles or other vehicles or aircraft and their contents, by collision, fire, burglary, or theft, and other perils of operation, and against liability for damage to persons, or property of others, by collision with such vehicles or aircraft, and to insure against any loss or hazard incident to the ownership, operation, or use of motor or other vehicles or aircraft;

(13) To insure against liability for loss or damage to the property or person of another caused by the insured or by those for whom the insured is responsible, including insurance of medical, hospital, surgical, funeral or other related expense of the insured or other person injured, irrespective of legal liability of the insured, when issued with or supplemental to policies of liability insurance;

(14) To insure against loss of or damage to any property of the insured, resulting from the ownership, maintenance or use of elevators, except loss or damage by fire;

(15) To insure against attorneys fees, court costs, witness fees and incidental expenses incurred in connection with the use of the professional services of attorneys at law.

Sec. 6. Minnesota Statutes 1998, section 60A.06, subdivision 2, is amended to read:

Subd. 2. [OTHER LINES.] Any insurance corporation or association heretofore or hereafter licensed to transact within the state any of the kinds or classes of insurance specifically authorized under the laws of this state may, when authorized by its charter, transact within and without the state any lines of insurance germane to its charter powers and not specifically provided for under the laws of this state when these lines, or combinations of lines, of insurance are not in violation of the constitution or the laws of the state and, in the opinion of the commissioner, not contrary to public policy, provided the company or association shall first obtain authority of the commissioner and meet ~~such requirements as to capital or surplus, or both, and other solvency and policy form requirements~~ as the commissioner shall prescribe. These additional hazards may be insured against by attachment to, or in extension of, any policy which the company may be authorized to issue under the laws of this state. This subdivision shall apply to companies operating upon the stock or mutual plan, reciprocal or interinsurance exchanges.

Sec. 7. Minnesota Statutes 1998, section 60A.075, is amended by adding a subdivision to read:

Subd. 18. [POST CONVERSION ACQUISITION.] Prior to and for a period of five years following the date when the distribution of consideration to the eligible members in exchange for their membership interests is completed under a plan of conversion according to this section, no person other than the reorganized company shall directly or indirectly acquire or offer to acquire in any manner ownership or beneficial ownership of ten percent or more of any class of voting security of the reorganized company, or of any affiliate of the reorganized company which controls, directly or indirectly, a majority of the voting power of the reorganized company, without the prior approval of the commissioner. For the purposes of this subdivision, the terms "affiliate" and "person" have the meanings given in section 60D.15, and the term "reorganized company" includes any successor of the reorganized company.

Sec. 8. Minnesota Statutes 1998, section 60A.092, subdivision 6, is amended to read:

Subd. 6. [SINGLE ASSUMING INSURER; TRUST FUND REQUIREMENTS.] In the case of a single assuming insurer, the trust shall consist of a trustee account representing the assuming insurer's liabilities attributable to business written in the United States and, in addition, ~~the assuming insurer shall maintain~~ a trustee surplus of not less than \$20,000,000 or an additional amount as the commissioner considers necessary. The assuming insurer shall maintain a its surplus as regards policyholders in an amount not less than \$50,000,000 for long-tail casualty reinsurers as provided under subdivision 3, paragraph (a), clause (5).

Sec. 9. Minnesota Statutes 1998, section 60A.092, subdivision 11, is amended to read:

Subd. 11. [REINSURANCE AGREEMENT REQUIREMENTS.] (a) If the assuming insurer is not licensed or accredited to transact insurance or reinsurance in this state, the credit authorized under subdivisions 4 and 5 shall not be allowed unless the assuming insurer agrees in the reinsurance agreements:

(1) that in the event of the failure of the assuming insurer to perform its obligations under the terms of the reinsurance agreement, the assuming insurer shall submit to the jurisdiction of any court of competent jurisdiction in any state of the United States, comply with all requirements necessary to give the court jurisdiction, and abide by the final decision of the court or of any appellate court in the event of an appeal; and

(2) to designate the commissioner or a designated attorney as its true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of the ceding company.

(b) Paragraph (a) is not intended to conflict with or override the obligation of the parties to a reinsurance agreement to arbitrate their disputes, if an obligation to do so is created in the agreement.

(c) Credit will not be granted, nor an asset or a reduction from liability allowed, to a ceding insurer for reinsurance effected with assuming insurers meeting the requirements of subdivision 2, 3, 4, 5, 6, or 7, unless the reinsurance contract provides that in the event of the insolvency of the ceding insurer, the reinsurance will be payable under the contract without diminution because of that insolvency.

Payments by the reinsurer must be made directly to the ceding insurer or its receiver, except where the contract of insurance or reinsurance specifically provides for another payee for the reinsurance in the event of insolvency of the ceding insurer according to the applicable requirements of statutes, rules, or orders of the domiciliary state of the ceding insurer.

Sec. 10. Minnesota Statutes 1998, section 60A.10, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC COMPANIES.] (1) [DEPOSIT AS SECURITY FOR ALL POLICYHOLDERS REQUIRED.] No company in this state, other than farmers' mutual, or real estate title insurance companies, shall do business in this state unless it has on deposit with the commissioner, for the protection of both its resident and nonresident policyholders, securities to an amount, the actual market value of which, exclusive of interest, shall never be less than ~~\$200,000 until July 1, 1986, \$300,000 until July 1, 1987, \$400,000 until July 1, 1988, and \$500,000 on and after July 1, 1988~~ or one-half the applicable financial requirement set forth in section 60A.07, whichever is less. The securities shall be retained under the control of the commissioner as long as any policies of the depositing company remain in force.

(2) [SECURITIES DEFINED.] For the purpose of this subdivision, the word "securities" means bonds or other obligations of, or bonds or other obligations insured or guaranteed by, the United States, any state of the United States, any municipality of this state, or any agency or instrumentality of the foregoing.

(3) [PROTECTION OF DEPOSIT FROM LEVY.] No judgment creditor or other claimant may levy upon any securities held on deposit with, or for the account of, the commissioner. Upon the entry of an order by a court of competent jurisdiction for the rehabilitation, liquidation or conservation of any depositing company as provided in chapter 60B, that company's deposit together with any accrued income thereon shall be transferred to the commissioner as rehabilitator, liquidator, or conservator.

Sec. 11. Minnesota Statutes 1998, section 60A.111, subdivision 1, is amended to read:

Subdivision 1. [REPORT.] Annually, or more frequently if determined by the commissioner to be necessary for the protection of policyholders, each foreign, ~~alien~~ and domestic insurance company other than a life insurance company shall report to the commissioner the ratio of its qualified assets to its required liabilities.

Sec. 12. Minnesota Statutes 1998, section 60A.13, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL STATEMENTS REQUIRED.] Every insurance company, including fraternal benefit societies, and reciprocal exchanges, doing business in this state, shall ~~transmit to file with~~ the commissioner, annually, on or before March 1, the appropriate verified National Association of Insurance Commissioners' annual statement blank, prepared in accordance with the association's instructions handbook and following those accounting procedures and practices prescribed by the association's accounting practices and procedures manual, unless the commissioner requires or finds another method of valuation reasonable under the circumstances. Another method of valuation permitted by the commissioner must be at least as conservative as those prescribed in the association's manual. All companies required to file an annual statement under this subdivision ~~must~~ may also be required to file with the commissioner and the National Association of Insurance Commissioners a copy of their annual statement on computer diskette in an electronic form prescribed by the commissioner. All Minnesota domestic insurers required to file annual statements under this subdivision must also file quarterly statements with the commissioner for the first, second, and third calendar quarter on or before 45 days after the end of the applicable quarter, prepared in accordance with the association's instruction handbook. All companies required to file quarterly statements under this subdivision ~~must also file a copy of their quarterly statement on computer diskette~~ may also be required to file the quarterly statements with the commissioner and the National Association of Insurance Commissioners in an electronic form prescribed by the commissioner. In addition, the commissioner may require the filing of any other information determined to be reasonably necessary for the continual enforcement of these laws. The statement may be limited to the insurer's business and condition in the United States unless the commissioner finds that the business conducted outside the United States may detrimentally affect the interests of policyholders in this state. The statements shall also contain a verified schedule showing all details required by law for assessment and taxation. The statement or schedules shall be in the form and shall contain all matters the commissioner may prescribe, and it may be varied as to different types of insurers so as to elicit a true exhibit of the condition of each insurer.

Sec. 13. Minnesota Statutes 1998, section 60A.16, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE TO BE FOLLOWED.] (1) [~~AGREEMENT PLAN OF MERGER.~~] The merger or consolidation of insurance corporations can be effected only as a result of a joint agreement entered into plan of merger adopted, approved, and filed as follows:

(a) ~~The board of directors of each of such insurance corporations as desire to merge or consolidate may, by majority vote, enter into a joint agreement signed by such directors and prescribing~~ A resolution containing the plan of merger shall be approved by the affirmative vote of a majority of the directors of the board of each constituent corporation. The plan of merger shall prescribe the terms and conditions of merger or consolidation, and the mode of carrying the same into effect, with such other details and provisions as are deemed necessary. In the case of merging or consolidating stock insurance corporations or stock and mutual insurance corporations, such joint agreement plan of merger may prescribe that stock of one or more of such corporations shall be converted, in whole or in part, into stock or other securities of a corporation which is not a merging or consolidating corporation or into cash.

(b) ~~The agreement plan of merger, or a summary of the plan approved by the commissioner, shall be submitted to the respective shareholders or members, as the case may be, of each of the merging or consolidating insurance corporations constituent corporation, for consideration at a regular meeting or at a special meeting duly called for the purpose of considering and acting upon the agreement, and if plan. Written notice of the meeting, which shall state that the purpose of the meeting is to consider the proposed plan of merger, shall be given to each shareholder or member entitled to vote upon the plan of merger not less than 30 nor more than 60 days before the meeting. The plan of merger must be approved by the affirmative vote of the holders of two-thirds of the voting power of the~~

shareholders or members present or represented at the meeting of each ~~such insurance~~ constituent corporation ~~shall~~ vote for the adoption of the agreement, then that fact shall be certified on the agreement by the secretary of each ~~insurance corporation, and the agreement so adopted and certified shall be signed and acknowledged by the president and secretary of each of said insurance corporations;~~ provided, however, that in the case of a merger, except one ~~whereby in which~~ any shares of the surviving insurance corporation are to be converted into shares or other securities of another corporation or into cash, the agreement need not be submitted to the shareholders or members of that one of the insurance corporations into which it has been agreed the others shall be merged, ~~but the agreement may be signed and acknowledged by the president and secretary of such insurance corporation at the direction of the board of directors.~~ Upon receiving the approval of the shareholders or members of each constituent corporation, articles of merger shall be prepared that contain the plan of merger and a statement that the plan has been approved by each corporation under this section.

(c) ~~The agreement so adopted, certified and acknowledged~~ articles of merger shall be delivered to the commissioner of commerce, who, if the ~~agreement plan of merger~~ is reasonable and if the provisions thereof providing for any transfer of assets and assumption of liabilities are fair and equitable to the claimants and policyholders, shall place a certificate of approval on the ~~agreement~~ articles of merger and shall file the ~~agreement articles~~ in the commissioner's office, and a copy ~~copies~~ of the ~~agreement articles~~ articles, certified by the commissioner of commerce, shall be filed for record in the office of the secretary of state and ~~in the offices of the county recorders of the counties in this state in which any of the corporate parties to the agreement have their home or principal offices, and of any counties in which any of the corporate parties have land, title to which will be transferred as a result of the merger or consolidation~~ delivered to the surviving corporation or its legal representative.

(2) [ARTICLES OF INCORPORATION OF NEW COMPANY.] (a) If the ~~joint agreement plan of merger~~ is for a consolidation into a new insurance corporation to be formed under any law or laws of this state, articles of incorporation for such new insurance corporation shall be prepared and delivered to the commissioner of commerce together with the ~~agreement~~ articles of merger as provided in clause (1) hereof.

(b) Such articles shall be prepared, executed, approved, filed and recorded in the form and manner prescribed in, or applicable to, the particular law or laws under which the new insurance corporation is to be formed.

(3) [ABANDONMENT.] A proposed merger or consolidation may be abandoned at any time prior to approval by the commissioner under the provision for abandonment, if any, set forth in the plan of merger.

(4) [MUTUAL INSURANCE HOLDING COMPANIES.] In the case of a merger of two mutual insurance holding companies under section 60A.077, subdivision 2, paragraph (c), the procedures set forth in subdivisions 1, 2, 3, 4, and 6 of this section shall apply, subject to the following:

(a) the plan of merger must be fair and reasonable to the members of each constituent corporation;

(b) no member of either constituent corporation on the effective date of the merger shall lose membership solely on account of the merger;

(c) membership and voting rights in each respective constituent corporation for purposes of the meeting of the members held to consider the plan of merger shall be determined in accordance with the articles and bylaws of that constituent corporation as of a record date established in the plan of merger; and

(d) the commissioner may require changes to the plan or require certain undertakings from the surviving corporation to assure compliance with this clause.

Sec. 14. Minnesota Statutes 1998, section 60A.16, subdivision 3, is amended to read:

Subd. 3. [CONSUMMATION OF MERGER.] (1) A merger of one or more insurance corporations into a domestic insurance corporation shall be effective when the ~~joint agreement~~ has articles of merger have been approved and filed in the office of the commissioner of commerce, or at a later date specified in the articles of merger.

(2) A consolidation of insurance corporations into a new domestic insurance corporation shall be effective when the ~~joint agreement~~ articles of merger and the new articles of incorporation have been approved and filed in the office of the commissioner of commerce, ~~or at a later date as specified in the plan of merger.~~

(3) A merger or consolidation of one or more domestic insurance corporations into a foreign insurance corporation shall be effective according to the provisions of law of the jurisdiction in which ~~such the~~ foreign insurance corporation was formed, but not until the ~~joint agreement has been adopted, certified and acknowledged, and copies thereof approved and~~ articles of merger have been filed in accordance with subdivision 2, clause (1).

Sec. 15. Minnesota Statutes 1998, section 60A.16, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF MERGER OR CONSOLIDATION.] Upon the consummation of the merger or consolidation as provided in subdivision 3, the effect of ~~such the~~ merger or consolidation shall be:

(1) That the several corporate parties to the ~~joint agreement~~ plan of merger shall be one insurance corporation, which shall be

(a) in the case of a merger, that one of the constituent insurance corporations into which it has been agreed the others shall be merged and which shall survive the merger for that purpose, or

(b) in the case of a consolidation, the new insurance corporation into which it has been agreed the others shall be consolidated;

(2) The separate existence of the constituent insurance corporations shall cease, except that of the surviving insurance corporation in the case of a merger;

(3) The surviving or new insurance corporation, as the case may be, shall possess all the rights, privileges and franchises possessed by each of the former insurance corporations so merged or consolidated except that such surviving or new corporation shall not thereby acquire authority to engage in any insurance business or exercise any right which an insurance corporation may not be formed under the laws of this state to engage in or exercise;

(4) All the property, real, personal and mixed, of each of the constituent insurance corporations, and all debts due on whatever account to any of them, including without limitation subscriptions for shares, premiums on existing policies, and other choses in action belonging to any of them, shall be taken and be deemed to be transferred to and invested in such surviving or new insurance corporation, as the case may be, without further act or deed;

(5) The surviving or new insurance corporation shall be responsible for all the liabilities and obligations of each of the insurance corporations merged or consolidated, in accordance with the terms of the agreement for merger or consolidation; but the rights of the creditors of the constituent insurance corporations, or of any persons dealing with such insurance corporations shall not be impaired by such merger or consolidation, and any claim existing or action or proceeding pending by or against any of the constituent insurance corporations may be prosecuted to judgment as if the merger or consolidation had not taken place, or the surviving or new insurance corporation may be proceeded against or substituted in its place.

Sec. 16. Minnesota Statutes 1998, section 60A.19, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] Any insurance company of another state, upon compliance with all laws governing such corporations in general and with the foregoing provisions so far as applicable and the following requirements, shall be admitted to do business in this state:

(1) It shall deposit with the commissioner a certified copy of its charter or certificate of incorporation and its bylaws, and a statement showing its financial condition and business, verified by its president and secretary or other proper officers;

(2) It shall furnish the commissioner satisfactory evidence of its legal organization and authority to transact the proposed business and that its capital, assets, deposits with the proper official of its own state, amount insured, number of risks, reserve and other securities, and guaranties for protection of policyholders, creditors, and the public, comply with those required of like domestic companies;

(3) By a duly executed instrument filed in the office of the commissioner, it shall appoint the commissioner and successors in office its lawful attorneys in fact and therein irrevocably agree that legal process in any action or proceeding against it may be served upon them with the same force and effect as if personally served upon it, so long as any of its liability exists in this state;

(4) It shall appoint, as its agents in this state, residents thereof, and obtain from the commissioner a license to transact business;

(5) Regardless of what lines of business an insurer of another state is seeking to write in this state, the lines of business it is licensed to write in its state of incorporation shall be the basis for establishing the financial requirements it must meet for admission in this state or for continuance of its authority to write business in this state;

(6) No insurer of another state shall be admitted to do business in this state for a line of business that it is not authorized to write in its state of incorporation, unless the statutes of that state prohibit all insurers from writing that line of business.

Sec. 17. Minnesota Statutes 1998, section 60A.32, is amended to read:

60A.32 [RATE FILING FOR CROP HAIL INSURANCE.]

An insurer issuing policies of insurance against crop damage by hail in this state shall file its insurance rates with the commissioner. The insurance rates must be filed before ~~March 1~~ February 1 of the year in which a policy is issued.

Sec. 18. Minnesota Statutes 1998, section 60B.21, subdivision 2, is amended to read:

Subd. 2. [FIXING OF RIGHTS.] Upon issuance of the order, the rights and liabilities of any such insurer and of its creditors, policyholders, shareholders, members, and all other persons interested in its estate are fixed as of the date of filing of the petition for liquidation, except as provided in sections 60B.22, 60B.25, clause (22), and 60B.39.

Sec. 19. Minnesota Statutes 1998, section 60B.25, is amended to read:

60B.25 [POWERS OF LIQUIDATOR.]

The liquidator shall report to the court monthly, or at other intervals specified by the court, on the progress of the liquidation in whatever detail the court orders. The liquidator shall coordinate activities with those of each guaranty association having an interest in the liquidation and shall submit a report detailing how coordination will be achieved to the court for its approval within 30 days following appointment, or within the time which the court, in its discretion, may establish. Subject to the court's control, the liquidator may:

(1) Appoint a special deputy to act under sections 60B.01 to 60B.61 and determine the deputy's compensation. The special deputy shall have all powers of the liquidator granted by this section. The special deputy shall serve at the pleasure of the liquidator.

(2) Appoint or engage employees and agents, actuaries, accountants, appraisers, consultants, and other personnel deemed necessary to assist in the liquidation without regard to chapter 14.

(3) Fix the compensation of persons under clause (2), subject to the control of the court.

(4) Defray all expenses of taking possession of, conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and property of the insurer. If the property of the insurer does not contain sufficient cash or liquid assets to defray the costs incurred, the liquidator may advance the costs so incurred out of the appropriation made to the department of commerce. Any amounts so paid shall be deemed expense of administration and shall be repaid for the credit of the department of commerce out of the first available money of the insurer.

(5) Hold hearings, subpoena witnesses and compel their attendance, administer oaths, examine any person under oath and compel any person to subscribe to testimony after it has been correctly reduced to writing, and in connection therewith require the production of any books, papers, records, or other documents which the liquidator deems relevant to the inquiry.

(6) Collect all debts and money due and claims belonging to the insurer, wherever located, and for this purpose institute timely action in other jurisdictions, in order to forestall garnishment and attachment proceedings against such debts; do such other acts as are necessary or expedient to collect, conserve, or protect its assets or property, including sell, compound, compromise, or assign for purposes of collection, upon such terms and conditions as the liquidator deems best, any bad or doubtful debts; and pursue any creditor's remedies available to enforce claims.

(7) Conduct public and private sales of the property of the insurer in a manner prescribed by the court.

(8) Use assets of the estate to transfer coverage obligations to a solvent assuming insurer, if the transfer can be arranged without prejudice to applicable priorities under section 60B.44.

(9) Acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon, or otherwise dispose of or deal with any property of the insurer at its market value or upon such terms and conditions as are fair and reasonable, except that no transaction involving property the market value of which exceeds \$10,000 shall be concluded without express permission of the court. The liquidator may also execute, acknowledge, and deliver any deeds, assignments, releases, and other instruments necessary or proper to effectuate any sale of property or other transaction in connection with the liquidation. In cases where real property sold by the liquidator is located other than in the county where the liquidation is pending, the liquidator shall cause to be filed with the county recorder for the county in which the property is located a certified copy of the order of appointment.

(10) Borrow money on the security of the insurer's assets or without security and execute and deliver all documents necessary to that transaction for the purpose of facilitating the liquidation.

(11) Enter into such contracts as are necessary to carry out the order to liquidate, and affirm or disavow any contracts to which the insurer is a party.

(12) Continue to prosecute and institute in the name of the insurer or in the liquidator's own name any suits and other legal proceedings, in this state or elsewhere, and abandon the prosecution of claims the liquidator deems unprofitable to pursue further. If the insurer is dissolved under section 60B.23, the liquidator may apply to any court in this state or elsewhere for leave to be substituted for the insurer as plaintiff.

(13) Prosecute any action which may exist in behalf of the creditors, members, policyholders, or shareholders of the insurer against any officer of the insurer, or any other person.

(14) Remove any records and property of the insurer to the offices of the commissioner or to such other place as is convenient for the purposes of efficient and orderly execution of the liquidation.

(15) Deposit in one or more banks in this state such sums as are required for meeting current administration expenses and dividend distributions.

(16) Deposit with the state board of investment for investment pursuant to section 11A.24, all sums not currently needed, unless the court orders otherwise.

(17) File any necessary documents for record in the office of any county recorder or record office in this state or elsewhere where property of the insurer is located.

(18) Assert all defenses available to the insurer as against third persons, including statutes of limitations, statutes of frauds, and the defense of usury. A waiver of any defense by the insurer after a petition for liquidation has been filed shall not bind the liquidator.

(19) Exercise and enforce all the rights, remedies, and powers of any creditor, shareholder, policyholder, or member, including any power to avoid any transfer or lien that may be given by law and that is not included within sections 60B.30 and 60B.32.

(20) Intervene in any proceeding wherever instituted that might lead to the appointment of a receiver or trustee, and act as the receiver or trustee whenever the appointment is offered.

(21) Enter into agreements with any receiver or commissioner of any other state relating to the rehabilitation, liquidation, conservation, or dissolution of an insurer doing business in both states.

(22) Collect from an insured any unpaid earned premium or retrospectively rated premium due the insurer based on the termination of coverage under section 60B.22. Premium on surety business is considered earned at inception if no policy term can be determined. All other premium will be considered earned and will be prorated over the determined policy term, regardless of any provision in the bond, guaranty, contract, or other agreement.

~~(22)~~ (23) Exercise all powers now held or hereafter conferred upon receivers by the laws of this state not inconsistent with sections 60B.01 to 60B.61.

~~(23)~~ (24) The enumeration in this section of the powers and authority of the liquidator is not a limitation, nor does it exclude the right to do such other acts not herein specifically enumerated or otherwise provided for as are necessary or expedient for the accomplishment of or in aid of the purpose of liquidation.

~~(24)~~ (25) The power of the liquidator of a health maintenance organization includes the power to transfer coverage obligations to a solvent and voluntary health maintenance organization, insurer, or nonprofit health service plan, and to assign provider contracts of the insolvent health maintenance organization to an assuming health maintenance organization, insurer, or nonprofit health service plan permitted to enter into such agreements. The liquidator is not required to meet the notice requirements of section 62D.121. Transferees of coverage obligations or provider contracts shall have no liability to creditors or obligees of the health maintenance organization except those liabilities expressly assumed.

Sec. 20. Minnesota Statutes 1998, section 60B.26, subdivision 1, is amended to read:

Subdivision 1. [NOTICE REQUIRED.] (a) The liquidator shall give notice of the liquidation order as soon as possible by first class mail and either by telegram or telephone to the commissioner of commerce of each jurisdiction in which the insurer is licensed to do business, by first class mail and by telephone to the department of labor and industry of this state if the insurer is or has been an insurer of workers' compensation, by first class mail within this state and by airmail outside this state to all agents of the insurer having a duty under ~~section 60B.27~~ this chapter, by first class mail, if the insurer is a surety company to every district court judge exercising probate jurisdiction and the court administrator of all courts of record in this state and upon receipt of such notice it shall be the duty of those judges and court administrators to notify and require every executor, administrator, guardian, trustee, or other fiduciary having filed a bond on which such company is surety, to forthwith file a new bond with new sureties, and by first class mail within this state and by airmail outside this state at the last known address to all persons known or reasonably expected to have claims against the insurer, including all policyholders. The liquidator also shall publish a notice three consecutive times in a newspaper of general circulation in the county in which the liquidation is pending or in Ramsey county, the last publication to be not less than three months before the earliest deadline specified in the notice under subdivision 2.

(b) Notice to agents shall inform them of their duties under ~~section 60B.27~~ this chapter and inform them what information they must communicate to policyholders. Notice to policyholders shall include notice of impairment and termination of coverage under section 60B.22. When it is applicable, notice to policyholders shall include (1) notice of withdrawal of the insurer from the defense of any case in which the policyholder is interested, and (2) notice of the right to file a claim under section 60B.40, subdivision 2; ~~and (3) information about the existence of section 79.28, relating to certain unpaid workers' compensation awards.~~

(c) Within 15 days of the date of entry of the order, the liquidator shall report to the court what notice has been given. The court may order such additional notice as it deems appropriate.

Sec. 21. [60B.365] [REINSURER'S LIABILITY.]

Subdivision 1. [GENERALLY.] The amount recoverable by the liquidator from reinsurers must not be reduced as a result of the delinquency proceedings, regardless of any provision in the reinsurance contract or other agreement, except as provided in subdivision 2.

Subd. 2. [PAYMENTS.] Payments by the reinsurer must be made directly to the ceding insurer or its receiver, except where the contract of insurance or reinsurance specifically provides for another payee for the reinsurance in the event of insolvency of the ceding insurer according to the applicable requirements of statutes, rules, or orders of the domiciliary state of the ceding insurer. The receiver and reinsurer are entitled to recover from a person who unsuccessfully makes a claim directly against the reinsurer the receiver's attorneys' fees and expenses incurred in preventing any collection by the person.

Sec. 22. Minnesota Statutes 1998, section 60B.39, subdivision 2, is amended to read:

Subd. 2. [CLAIMS UNDER TERMINATED POLICIES.] Any claim that would have become absolute if there had been no termination of coverage under section 60B.22, and which was not covered by insurance acquired to replace the terminated coverage, shall be allowed as if the coverage had remained in effect, unless at least ten days before the insured event occurred either the claimant had actual notice of the termination or notice was mailed to the claimant as prescribed by section 60B.26, subdivision 1, or ~~60B.27, subdivision 1~~ this chapter. If allowed the claim shall share in distributions under section 60B.44, subdivision 9.

Sec. 23. Minnesota Statutes 1998, section 60B.44, subdivision 4, is amended to read:

Subd. 4. [LOSS CLAIMS; INCLUDING CLAIMS NOT COVERED BY A GUARANTY ASSOCIATION.] All claims under policies or contracts of coverage for losses incurred including third party claims, and all claims against the insurer for liability for bodily injury or for injury to or destruction of tangible property which are not under policies or contracts. All claims under life insurance and annuity policies, whether for death proceeds, annuity proceeds, or investment values, shall be treated as loss claims. That portion of any loss for which indemnification is provided by other benefits or advantages recovered or recoverable by the claimant shall not be included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment made by an employer to an employee shall be treated as a gratuity. Claims not covered by a guaranty association are loss claims. ~~If any portion of a claim is covered by a reinsurance treaty or similar contractual obligation, that claim shall be entitled to a pro rata share, based upon the relationship the claim amount bears to all claims payable under the treaty or contract, of the proceeds received under that treaty or contractual obligation.~~

~~Claims receiving pro rata payments shall not, as to any remaining unpaid portion of their claim, be treated in a different manner than if no such payment had been received.~~

Sec. 24. Minnesota Statutes 1998, section 60B.44, is amended by adding a subdivision to read:

Subd. 4a. [UNEARNED PREMIUMS.] Claims under nonassessable policies or contracts of coverage for unearned premiums or subscription rates or other refunds.

Sec. 25. Minnesota Statutes 1998, section 60B.44, is amended by adding a subdivision to read:

Subd. 4b. [FEDERAL GOVERNMENT.] Claims of the federal government.

Sec. 26. Minnesota Statutes 1998, section 60B.44, is amended by adding a subdivision to read:

Subd. 4c. [WAGES.] (a) Debts due to employees for services performed, not to exceed \$1,000 to each employee, that have been earned within one year before the filing of the petition for liquidation, subject to payment of applicable federal, state, or local government taxes required by law to be withheld from the debts. Officers are not entitled to the benefit of this priority. In cases where there are no claims and no potential claims of the federal government in the estate, these claims will have priority over claims in subdivision 4.

(b) The priority in paragraph (a) is in lieu of other similar priority authorized by law as to wages or compensation of employees.

Sec. 27. Minnesota Statutes 1998, section 60B.44, subdivision 6, is amended to read:

Subd. 6. [RESIDUAL CLASSIFICATION.] All other claims including claims of ~~the federal~~ or any state or local government, not falling within other classes under this section. Claims, including those of any governmental body for a penalty or forfeiture, shall be allowed in this class only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under subdivision 9.

Sec. 28. Minnesota Statutes 1998, section 60D.20, subdivision 2, is amended to read:

Subd. 2. [DIVIDENDS AND OTHER DISTRIBUTIONS.] (a) Subject to the limitations and requirements of this subdivision, the board of directors of any domestic insurer within an insurance holding company system may authorize and cause the insurer to declare and pay any dividend or distribution to its shareholders as the directors deem prudent from the earned surplus of the insurer. An insurer's earned surplus, also known as unassigned funds, shall be determined in accordance with the accounting procedures and practices governing preparation of its annual statement, ~~minus 25 percent of earned surplus attributable to net unrealized capital gains.~~ Dividends which are paid from sources other than an insurer's earned surplus as of the end of the immediately preceding quarter for which the insurer has filed a quarterly or annual statement as appropriate, or are extraordinary dividends or distributions may be paid only as provided in paragraphs (d), (e), and (f).

(b) The insurer shall notify the commissioner within five business days following declaration of a dividend declared pursuant to paragraph (a) and at least ten days prior to its payment. The commissioner shall promptly consider the notification filed pursuant to this paragraph, taking into consideration the factors described in subdivision 4.

(c) The commissioner shall review at least annually the dividends paid by an insurer pursuant to paragraph (a) for the purpose of determining if the dividends are reasonable based upon (1) the adequacy of the level of surplus as regards policyholders remaining after the dividend payments, and (2) the quality of the insurer's earnings and extent to which the reported earnings include extraordinary items, such as surplus relief reinsurance transactions and reserve destrengthening.

(d) No domestic insurer shall pay any extraordinary dividend or make any other extraordinary distribution to its shareholders until: (1) 30 days after the commissioner has received notice of the declaration of it and has not within the period disapproved the payment; or (2) the commissioner has approved the payment within the 30-day period.

(e) For purposes of this section, an extraordinary dividend or distribution includes any dividend or distribution of cash or other property, whose fair market value together with that of other dividends or distributions made within the preceding 12 months exceeds the greater of (1) ten percent of the insurer's surplus as regards policyholders ~~as of the 31st day of December next preceding~~ on December 31 of the preceding year; or (2) the net gain from

operations of the insurer, if the insurer is a life insurer, or the net income, if the insurer is not a life insurer, not including realized capital gains, for the 12-month period ending ~~the 31st day of December next preceding on~~ December 31 of the preceding year, but does not include pro rata distributions of any class of the insurer's own securities.

(f) Notwithstanding any other provision of law, an insurer may declare an extraordinary dividend or distribution that is conditional upon the commissioner's approval, and the declaration shall confer no rights upon shareholders until: (1) the commissioner has approved the payment of such a dividend or distribution; or (2) the commissioner has not disapproved the payment within the 30-day period referred to above.

Sec. 29. Minnesota Statutes 1998, section 60K.02, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] No person shall act or assume to act as an insurance agent in the solicitation or procurement of applications for insurance, nor in the sale of insurance or policies of insurance, nor in any manner aid as an insurance agent in the negotiation of insurance by or with an insurer, including resident agents or reciprocal or interinsurance exchanges and fraternal benefit societies, until that person obtains from the commissioner a license for that purpose. The license must specifically set forth the name of the person authorized to act as an agent and the class or classes of insurance for which that person is authorized to solicit or countersign policies. An insurance agent may qualify for a license ~~in the following classes to sell:~~ (1) life and health; and (2) life and health and variable contracts; (3) property and casualty; (4) travel baggage; (5) bail bonds; (6) title insurance; and (7) farm property and liability.

No insurer shall appoint or reappoint a natural person, partnership, or corporation to act as an insurance agent on its behalf until that natural person, partnership, or corporation obtains a license as an insurance agent.

Sec. 30. Minnesota Statutes 1998, section 60K.03, subdivision 2, is amended to read:

Subd. 2. [RESIDENT AGENT.] The commissioner shall issue a resident insurance agent's license to a qualified resident of this state as follows:

(a) A person may qualify as a resident of this state if that person resides in this state or the principal place of business of that person is maintained in this state. Application for a license claiming residency in this state for licensing purposes constitutes an election of residency in this state. A license issued upon an application claiming residency in this state is void if the licensee, while holding a resident license in this state, also holds, or makes application for, a resident license in, or thereafter claims to be a resident of, any other state or jurisdiction or if the licensee ceases to be a resident of this state; provided, however, if the applicant is a resident of a community or trade area, the border of which is contiguous with the state line of this state, the applicant may qualify for a resident license in this state and at the same time hold a resident license from the contiguous state.

(b) The commissioner shall subject each applicant who is a natural person to a written examination as to the applicant's competence to act as an insurance agent. The examination must be held at a reasonable time and place designated by the commissioner.

(c) The examination shall be approved for use by the commissioner and shall test the applicant's knowledge of the lines of insurance, policies, and transactions to be handled under the class of license applied for, of the duties and responsibilities of the licensee, and pertinent insurance laws of this state.

(d) The examination shall be given only after the applicant has completed a program of classroom studies in a school, which shall not include a school sponsored by, offered by, or affiliated with an insurance company or its agents; except that this limitation does not preclude a bona fide professional association of agents, not acting on behalf of an insurer, from offering courses. The course of study shall consist of 30 hours of classroom study devoted to the basic fundamentals of insurance for those seeking a Minnesota license for the first time, 15 hours devoted to specific life and health topics for those seeking a life and health license, and 15 hours devoted to specific property and casualty topics for those seeking a property and casualty license. Of the 30 hours of required classroom study,

at least three hours must be devoted to state insurance laws, regulations, and rules. The program of studies or study course shall have been approved by the commissioner in order to qualify under this paragraph. If the applicant has been previously licensed for the particular line of insurance in the state of Minnesota, the requirement of a program of studies or a study course shall be waived. A certification of compliance by the organization offering the course shall accompany the applicant's license application. This program of studies in a school or a study course shall not apply to farm property perils and farm liability applicants, or to agents writing such other lines of insurance as the commissioner may exempt from examination by order.

(e) The applicant must pass the examination with a grade determined by the commissioner to indicate satisfactory knowledge and understanding of the class or classes of insurance for which the applicant seeks qualification. The commissioner shall inform the applicant as to whether or not the applicant has passed. Examination results are valid for a period of three years from the date of the examination.

(f) An applicant who has failed to pass an examination may take subsequent examinations. Examination fees for subsequent examinations shall not be waived.

(g) Any applicant for a license covering the same class or classes of insurance for which the applicant was licensed under a similar license in this state, other than a temporary license, within the three years preceding the date of the application shall be exempt from the requirement of a written examination, unless the previous license was revoked or suspended by the commissioner. An applicant whose license is not renewed under section 60K.12 is exempt from the requirement of a written examination.

Sec. 31. Minnesota Statutes 1998, section 60K.03, subdivision 3, is amended to read:

Subd. 3. [NONRESIDENT AGENT.] The commissioner shall issue a nonresident insurance agent's license to a qualified person who is a resident of another state or country as follows:

(a) A person may qualify for a license under this section as a nonresident only if that person holds a license in another state, province of Canada, or other foreign country which, in the opinion of the commissioner, qualifies that person for the same activity as that for which a license is sought.

(b) The commissioner shall not issue a license to a nonresident applicant until that person files with the commissioner a designation of the commissioner and the commissioner's successors in office as the applicant's true and lawful attorney upon whom may be served all lawful process in an action, suit, or proceeding instituted by or on behalf of an interested person arising out of the applicant's insurance business in this state. This designation constitutes an agreement that this service of process is of the same legal force and validity as personal service of process in this state upon that applicant.

Service of process upon a licensee in an action or proceeding begun in a court of competent jurisdiction of this state may be made in compliance with section 45.028, subdivision 2.

(c) A nonresident agent shall be held to the same knowledge of state insurance law, regulations, and rules as that required of a resident agent according to subdivision 2, paragraph (d).

~~(d)~~ (d) A nonresident license terminates automatically when the resident license for that class of license in the state, province, or foreign country in which the licensee is a resident is terminated for any reason.

Sec. 32. Minnesota Statutes 1998, section 60K.19, subdivision 7, is amended to read:

Subd. 7. [CRITERIA FOR COURSE ACCREDITATION.] (a) The commissioner may accredit a course only to the extent it is designed to impart substantive and procedural knowledge of the insurance field. The burden of demonstrating that the course satisfies this requirement is on the individual or organization seeking accreditation. The commissioner shall approve any educational program approved by Minnesota Continuing Legal Education relating to the insurance field. The commissioner is authorized to establish a procedure for renewal of course accreditation.

(b) The commissioner shall approve or disapprove professional designation examinations that are recommended for approval by the advisory task force. In order for an agent to receive full continuing education credit for a professional designation examination, the agent must pass the examination. An agent may not receive credit for classroom instruction preparing for the professional designation examination and also receive continuing education credit for passing the professional designation examination.

(c) The commissioner may not accredit a course:

(1) that is designed to prepare students for a license examination;

(2) in mechanical office or business skills, including typing, speedreading, use of calculators, or other machines or equipment;

(3) in sales promotion, including meetings held in conjunction with the general business of the licensed agent;
or

(4) in motivation, the art of selling, psychology, or time management; ~~or,~~

~~(5) which can be completed by the student at home or outside the classroom without the supervision of an instructor approved by the department of commerce, except that home-study courses may be accredited by the commissioner if the student is a nonresident agent residing in a state which is not contiguous to Minnesota.~~

Sec. 33. Minnesota Statutes 1998, section 60K.19, subdivision 8, is amended to read:

Subd. 8. [MINIMUM EDUCATION REQUIREMENT.] Each person subject to this section shall complete a minimum of 30 credit hours of courses accredited by the commissioner during each 24-month licensing period ~~after the expiration of the person's initial licensing period, two hours of which must be devoted to state law, regulations, and rules applicable to the line or lines of insurance for which the agent is licensed. At least 15 of the 30 credit hours must be completed during the first 12 months of the 24-month licensing period.~~ Any person whose initial licensing period extends more than six months shall complete 15 hours of courses accredited by the commissioner during the initial license period. Any person teaching or lecturing at an accredited course qualifies for 1-1/2 times the number of credit hours that would be granted to a person completing the accredited course. No more than 15 credit hours per licensing period may be credited to a person for courses sponsored by, offered by, or affiliated with an insurance company or its agents. Courses sponsored by, offered by, or affiliated with an insurance company or agent may restrict its students to agents of the company or agency.

Sec. 34. Minnesota Statutes 1998, section 61A.276, subdivision 2, is amended to read:

Subd. 2. [ISSUANCE.] The funding agreements may be issued to: (1) individuals; or (2) persons authorized by a state or foreign country to engage in an insurance business or subsidiaries or affiliates of these persons; or (3) entities other than individuals and other than persons authorized to engage in an insurance business, and subsidiaries and affiliates of these persons, for the following purposes: (i) to fund benefits under any employee benefit plan as defined in the Employee Retirement Income Security Act of 1974, as now or hereafter amended, maintained in the United States or in a foreign country; (ii) to fund the activities of any organization exempt from taxation under section 501(c) of the Internal Revenue Code of 1986, as amended through December 31, 1992, or of any similar organization in any foreign country; (iii) to fund any program of any state, foreign country or political subdivision thereof, or any agency or instrumentality thereof; ~~or~~ (iv) to fund any agreement providing for periodic payments in satisfaction of a claim; or (v) to fund a program of a financial institution limited to banks, thrifts, credit unions, and investment companies registered under the Investment Company Act of 1940. No funding agreement shall be issued in an amount less than \$1,000,000.

Sec. 35. Minnesota Statutes 1998, section 61A.60, subdivision 1, is amended to read:

Subdivision 1. [NOTICE FORM; AGENT SALES.] The notice required where sections 61A.53 to 61A.60 refer to this subdivision is as follows:

IMPORTANT NOTICE

DEFINITION

REPLACEMENT is any transaction where, in connection with the purchase of New Insurance or a New Annuity, you LAPSE, SURRENDER, CONVERT to Paid-up Insurance, Place on Extended Term, or BORROW all or part of the policy loan values on an existing insurance policy or an annuity. (See reverse side for DEFINITIONS.)

IF YOU INTEND TO REPLACE COVERAGE

In connection with the purchase of this insurance or annuity, if you have REPLACED or intend to REPLACE your present life insurance coverage or annuity(ies), you should be certain that you understand all the relevant factors involved.

You should BE AWARE that you may be required to provide **EVIDENCE OF INSURABILITY** and

(1) If your HEALTH condition has CHANGED since the application was taken on your present policies, you may be required to pay ADDITIONAL PREMIUMS under the NEW POLICY, or be DENIED coverage.

(2) Your present occupation or activities **may not be covered or could require additional premiums.**

(3) The INCONTESTABLE and SUICIDE CLAUSE will begin anew in a new policy. This could RESULT in a **CLAIM under the new policy BEING DENIED** that would otherwise have been paid.

(4) Current law ~~DOES~~ MAY NOT REQUIRE your present insurer(s) to REFUND any premiums.

(5) It is to your advantage to OBTAIN INFORMATION regarding your existing policies or annuity contracts [FROM THE INSURER OR AGENT FROM WHOM YOU PURCHASED THE POLICY OR ANNUITY CONTRACT.]

(If you are purchasing an annuity, clauses (1), (2), and (3) above would not apply to the new annuity contract.)

THE INSURANCE OR ANNUITY I INTEND TO PURCHASE FROM _____ INSURANCE CO. MAY REPLACE OR ALTER EXISTING LIFE INSURANCE POLICY(IES) OR ANNUITY CONTRACT(S).

The following policy(ies) or annuity contract(s) may be replaced as a result of this transaction:

Insurer	Insured
as it appears on the policy or contract	as it appears on the policy or contract
_____	_____
_____	_____
_____	_____
_____	_____
Policy or contract number	Insured birthdate
_____	_____
_____	_____
_____	_____

The proposed policy or contract is:

_____	\$	_____
type of policy- or contract-generic name	face amount	

_____	date
signature of applicant	

_____	city	state
address of applicant		

I certify that this form was given to and completed by

(applicant-please print or type)

prior to taking an application and that I am leaving a signed copy for the applicant.

_____	date
agent's signature	

address

_____	state
city	

Note important statement on reverse side

Sec. 36. Minnesota Statutes 1998, section 61B.19, subdivision 3, is amended to read:

Subd. 3. [LIMITATION OF COVERAGE.] Sections 61B.18 to 61B.32 do not provide coverage for:

- (1) a portion of a policy or contract under which the investment risk is borne by the policy or contract holder;

(2) a policy or contract of reinsurance, unless assumption certificates have been issued and the insured has consented to the assumption as provided under section 60A.09, subdivision 4a;

(3) a policy or contract issued by an assessment benefit association operating under section 61A.39, or a fraternal benefit society operating under chapter 64B;

(4) any obligation to nonresident participants of a covered retirement plan or to the plan sponsor, employer, trustee, or other party who owns the contract; in these cases, the association is obligated under this chapter only to participants in a covered plan who are residents of the state of Minnesota on the date of impairment or insolvency;

(5) an annuity contract issued in connection with and for the purpose of funding a structured settlement of a liability claim, where the liability insurer remains liable;

(6) a portion of an unallocated annuity contract which is not issued to or in connection with a specific employee, union, or association of natural persons benefit plan or a governmental lottery, including but not limited to, a contract issued to, or purchased at the direction of, any governmental bonding authority, such as a municipal guaranteed investment contract;

(7) a plan or program of an employer, association, or similar entity to provide life, health, or annuity benefits to its employees or members to the extent that the plan or program is self-funded or uninsured, including benefits payable by an employer, association, or similar entity under:

(i) a multiple employer welfare arrangement as defined in the Employee Retirement Income Security Act of 1974, United States Code, title 29, section 1002(40)(A), as amended;

(ii) a minimum premium group insurance plan;

(iii) a stop-loss group insurance plan; or

(iv) an administrative services only contract;

(8) any policy or contract issued by an insurer at a time when it was not licensed or did not have a certificate of authority to issue the policy or contract in this state;

(9) an unallocated annuity contract issued to an employee benefit plan protected under the federal Pension Benefit Guaranty Corporation; ~~and~~

(10) a portion of a policy or contract to the extent that it provides dividends or experience rating credits except to the extent the dividends or experience rating credits have actually become due and payable or have been credited to the policy or contract before the date of impairment or insolvency, or provides that a fee or allowance be paid to a person, including the policy or contract holder, in connection with the service to, or administration of, the policy or contract; and

(11) a contractual agreement that establishes the member insurer's obligations to provide a book value accounting guaranty for defined contribution benefit plan participants by reference to a portfolio of assets that is owned by the benefit plan or its trustee, which in each case is not an affiliate of the member insurer.

Sec. 37. Minnesota Statutes 1998, section 62A.04, subdivision 3, is amended to read:

Subd. 3. [OPTIONAL PROVISIONS.] Except as provided in subdivision 4, no such policy delivered or issued for delivery to any person in this state shall contain provisions respecting the matters set forth below unless such provisions are in the words in which the same appear in this section. The insurer may, at its option, use in lieu of any such provision a corresponding provision of different wording approved by the commissioner which is not less favorable in any respect to the insured or the beneficiary. Any such provision contained in the policy shall be preceded individually by the appropriate caption appearing in this subdivision or, at the option of the insurer, by such appropriate individual or group captions or subcaptions as the commissioner may approve.

(1) A provision as follows:

CHANGE OF OCCUPATION: If the insured be injured or contract sickness after having changed occupations to one classified by the insurer as more hazardous than that stated in this policy or while doing for compensation anything pertaining to an occupation so classified, the insurer will pay only such portion of the indemnities provided in this policy as the premiums paid would have purchased at the rates and within the limits fixed by the insurer for such more hazardous occupation. If the insured changes occupations to one classified by the insurer as less hazardous than that stated in this policy, the insurer, upon receipt of proof of such change of occupation will reduce the premium rate accordingly, and will return the excess pro rata unearned premium from the date of change of occupation or from the policy anniversary date immediately preceding receipt of such proof, whichever is the more recent. In applying this provision, the classification of occupational risk and the premium rates shall be such as have been last filed by the insurer prior to the occurrence of the loss for which the insurer is liable or prior to date of proof of change in occupation with the state official having supervision of insurance in the state where the insured resided at the time this policy was issued; but if such filing was not required, then the classification of occupational risk and the premium rates shall be those last made effective by the insurer in such state prior to the occurrence of the loss or prior to the date of proof of change of occupation.

(2) A provision as follows:

MISSTATEMENT OF AGE: If the age of the insured has been misstated, all amounts payable under this policy shall be such as the premium paid would have purchased at the correct age.

(3) A provision as follows:

OTHER INSURANCE IN THIS INSURER: If an accident or sickness or accident and sickness policy or policies previously issued by the insurer to the insured be in force concurrently herewith, making the aggregate indemnity for (insert type of coverage or coverages) in excess of \$. . . . (insert maximum limit of indemnity or indemnities) the excess insurance shall be void and all premiums paid for such excess shall be returned to the insured or to the insured's estate, or, in lieu thereof:

Insurance effective at any one time on the insured under a like policy or policies in this insurer is limited to the one such policy elected by the insured, or the insured's beneficiary or estate, as the case may be, and the insurer will return all premiums paid for all other such policies.

(4) A provision as follows:

INSURANCE WITH OTHER INSURERS: If there be other valid coverage, not with this insurer, providing benefits for the same loss on a provision of service basis or on an expense incurred basis and of which this insurer has not been given written notice prior to the occurrence or commencement of loss, the only liability under any expense incurred coverage of this policy shall be for such proportion of the loss as the amount which would otherwise have been payable hereunder plus the total of the like amounts under all such other valid coverages for the same loss of which this insurer had notice bears to the total like amounts under all valid coverages for such loss, and for the return of such portion of the premiums paid as shall exceed the pro rata portion for the amount so determined. For the purpose of applying this provision when other coverage is on a provision of service basis, the "like amount" of such other coverage shall be taken as the amount which the services rendered would have cost in the absence of such coverage.

If the foregoing policy provision is included in a policy which also contains the next following policy provision there shall be added to the caption of the foregoing provision the phrase "EXPENSE INCURRED BENEFITS." The insurer may, at its option, include in this provision a definition of "other valid coverage," approved as to form by the commissioner, which definition shall be limited in subject matter to coverage provided by organizations subject to regulation by insurance law or by insurance authorities of this or any other state of the United States or any province of Canada, and by hospital or medical service organizations, and to any other coverage the inclusion of which may be approved by the commissioner. In the absence of such definition such term shall not include group insurance,

automobile medical payments insurance, or coverage provided by hospital or medical service organizations or by union welfare plans or employer or employee benefit organizations. For the purpose of applying the foregoing policy provision with respect to any insured, any amount of benefit provided for such insured pursuant to any compulsory benefit statute (including any workers' compensation or employer's liability statute) whether provided by a governmental agency or otherwise shall in all cases be deemed to be "other valid coverage" of which the insurer has had notice. In applying the foregoing policy provision no third party liability coverage shall be included as "other valid coverage."

(5) A provision as follows:

INSURANCE WITH OTHER INSURERS: If there be other valid coverage, not with this insurer, providing benefits for the same loss on other than an expense incurred basis and of which this insurer has not been given written notice prior to the occurrence or commencement of loss, the only liability for such benefits under this policy shall be for such proportion of the indemnities otherwise provided hereunder for such loss as the like indemnities of which the insurer had notice (including the indemnities under this policy) bear to the total amount of all like indemnities for such loss, and for the return of such portion of the premium paid as shall exceed the pro rata portion for the indemnities thus determined.

If the foregoing policy provision is included in a policy which also contains the next preceding policy provision there shall be added to the caption of the foregoing provision the phrase -- "OTHER BENEFITS." The insurer may, at its option, include in this provision a definition of "other valid coverage," approved as to form by the commissioner, which definition shall be limited in subject matter to coverage provided by organizations subject to regulation by insurance law or by insurance authorities of this or any other state of the United States or any province of Canada, and to any other coverage the inclusion of which may be approved by the commissioner. In the absence of such definition such term shall not include group insurance, or benefits provided by union welfare plans or by employer or employee benefit organizations. For the purpose of applying the foregoing policy provision with respect to any insured, any amount of benefit provided for such insured pursuant to any compulsory benefit statute (including any workers' compensation or employer's liability statute) whether provided by a governmental agency or otherwise shall in all cases be deemed to be "other valid coverage" of which the insurer has had notice. In applying the foregoing policy provision no third party liability coverage shall be included as "other valid coverage."

(6) A provision as follows:

RELATION OF EARNINGS TO INSURANCE: If the total monthly amount of loss of time benefits promised for the same loss under all valid loss of time coverage upon the insured, whether payable on a weekly or monthly basis, shall exceed the monthly earnings of the insured at the time disability commenced or the insured's average monthly earnings for the period of two years immediately preceding a disability for which claim is made, whichever is the greater, the insurer will be liable only for such proportionate amount of such benefits under this policy as the amount of such monthly earnings or such average monthly earnings of the insured bears to the total amount of monthly benefits for the same loss under all such coverage upon the insured at the time such disability commences and for the return of such part of the premiums paid during such two years as shall exceed the pro rata amount of the premiums for the benefits actually paid hereunder; but this shall not operate to reduce the total monthly amount of benefits payable under all such coverage upon the insured below the sum of \$200 or the sum of the monthly benefits specified in such coverages, whichever is the lesser, nor shall it operate to reduce benefits other than those payable for loss of time.

The foregoing policy provision may be inserted only in a policy which the insured has the right to continue in force subject to its terms by the timely payment of premiums (1) until at least age 50, or, (2) in the case of a policy issued after age 44, for at least five years from its date of issue. The insurer may, at its option, include in this provision a definition of "valid loss of time coverage," approved as to form by the commissioner, which definition shall be limited in subject matter to coverage provided by governmental agencies or by organizations subject to regulation by insurance law or by insurance authorities of this or any other state of the United States or any province

of Canada, or to any other coverage the inclusion of which may be approved by the commissioner or any combination of such coverages. In the absence of such definition such term shall not include any coverage provided for such insured pursuant to any compulsory benefit statute (including any workers' compensation or employer's liability statute), or benefits provided by union welfare plans or by employer or employee benefit organizations.

(7) A provision as follows:

UNPAID PREMIUM: Upon the payment of a claim under this policy, any premium then due and unpaid or covered by any note or written order may be deducted therefrom.

(8) A provision as follows:

CANCELLATION: The insurer may cancel this policy at any time by written notice delivered to the insured or mailed to the insured's last address as shown by the records of the insurer, stating when, not less than five days thereafter, such cancellation shall be effective; and after the policy has been continued beyond its original term the insured may cancel this policy at any time by written notice delivered or mailed to the insurer, effective upon receipt or on such later date as may be specified in such notice. In the event of cancellation, the insurer will return promptly the unearned portion of any premium paid. ~~If Regardless of whether it is the insurer or the insured who cancels, the earned premium shall be computed by the use of the short-rate table last filed with the state official having supervision of insurance in the state where the insured resided when the policy was issued. If the insurer cancels, the earned premium shall be computed pro rata, unless the mode of payment is monthly or less, or if the unearned amount is for less than one month.~~ Cancellation shall be without prejudice to any claim originating prior to the effective date of cancellation.

(9) A provision as follows:

CONFORMITY WITH STATE STATUTES: Any provision of this policy which, on its effective date, is in conflict with the statutes of the state in which the insured resides on such date is hereby amended to conform to the minimum requirements of such statutes.

(10) A provision as follows:

ILLEGAL OCCUPATION: The insurer shall not be liable for any loss to which a contributing cause was the insured's commission of or attempt to commit a felony or to which a contributing cause was the insured's being engaged in an illegal occupation.

(11) A provision as follows:

NARCOTICS: The insurer shall not be liable for any loss sustained or contracted in consequence of the insured's being under the influence of any narcotic unless administered on the advice of a physician.

Sec. 38. Minnesota Statutes 1998, section 62A.135, subdivision 5, is amended to read:

Subd. 5. [~~SUPPLEMENT TO ANNUAL STATEMENTS~~ SUPPLEMENTAL FILINGS.] Each insurer that has fixed indemnity policies in force in this state shall, as a ~~supplement to the annual statement required by section 60A.13~~ upon request by the commissioner, submit, in a form prescribed by the commissioner, ~~the~~ experience data ~~for the calendar year~~ showing its incurred claims, earned premiums, incurred to earned loss ratio, and the ratio of the actual loss ratio to the expected loss ratio for each fixed indemnity policy form in force in Minnesota. The experience data must be provided on both a Minnesota only and a national basis. If in the opinion of the company's actuary, the deviation of the actual loss ratio from the expected loss ratio for a policy form is due to unusual reserve fluctuations, economic conditions, or other nonrecurring conditions, the insurer should also file that opinion with appropriate justification.

If the data submitted does not confirm that the insurer has satisfied the loss ratio requirements of this section, the commissioner shall notify the insurer in writing of the deficiency. The insurer shall have 30 days from the date of receipt of the commissioner's notice to file amended rates that comply with this section or a request for an exemption with appropriate justification. If the insurer fails to file amended rates within the prescribed time and the commissioner does not exempt the policy from the need for a rate revision, the commissioner shall order that the insurer's filed rates for the nonconforming policy be reduced to an amount that would have resulted in a loss ratio that complied with this section had it been in effect for the reporting period of the supplement. The insurer's failure to file amended rates within the specified time of the issuance of the commissioner's order amending the rates does not preclude the insurer from filing an amendment of its rates at a later time.

Sec. 39. Minnesota Statutes 1998, section 62A.50, subdivision 3, is amended to read:

Subd. 3. [DISCLOSURES.] No long-term care policy shall be offered or delivered in this state, whether or not the policy is issued in this state, and no certificate of coverage under a group long-term care policy shall be offered or delivered in this state, unless a statement containing at least the following information is delivered to the applicant at the time the application is made:

(1) a description of the benefits and coverage provided by the policy and the differences between this policy, a supplemental Medicare policy and the benefits to which an individual is entitled under parts A and B of Medicare;

(2) a statement of the exceptions and limitations in the policy including the following language, as applicable, in bold print: "THIS POLICY DOES NOT COVER ALL NURSING CARE FACILITIES OR NURSING HOME, HOME CARE, OR ADULT DAY CARE EXPENSES AND DOES NOT COVER RESIDENTIAL CARE. READ YOUR POLICY CAREFULLY TO DETERMINE WHICH FACILITIES AND EXPENSES ARE COVERED BY YOUR POLICY.";

(3) a statement of the renewal provisions including any reservation by the insurer of the right to change premiums;

(4) a statement that the outline of coverage is a summary of the policy issued or applied for and that the policy should be consulted to determine governing contractual provisions;

(5) an explanation of the policy's loss ratio including at least the following language: "This means that, on the average, policyholders may expect that \$. of every \$100 in premium will be returned as benefits to policyholders over the life of the contract.";

(6) a statement of the out-of-pocket expenses, including deductibles and copayments for which the insured is responsible, and an explanation of the specific out-of-pocket expenses that may be accumulated toward any out-of-pocket maximum as specified in the policy;

(7) the following language, in bold print: "YOUR PREMIUMS CAN BE INCREASED IN THE FUTURE. THE RATE SCHEDULE THAT LISTS YOUR PREMIUM NOW CAN CHANGE.";

~~(8) the following language, if applicable, in bold print: "IF YOU ARE NOT HOSPITALIZED PRIOR TO ENTERING A NURSING HOME OR NEEDING HOME CARE, YOU WILL NOT BE ABLE TO COLLECT ANY BENEFITS UNDER THIS PARTICULAR POLICY.";~~

~~(8)~~ (8) the following language in bold print, with any provisions that are inapplicable to the particular policy omitted or crossed out: "THIS POLICY HAS A WAITING PERIOD OF (CALENDAR OR BENEFIT) DAYS FOR NURSING CARE SERVICES AND A WAITING PERIOD OF (CALENDAR OR BENEFIT) DAYS FOR HOME CARE SERVICES. THIS MEANS THAT THIS POLICY WILL NOT COVER YOUR CARE FOR THE FIRST (CALENDAR OR BENEFIT) DAYS AFTER YOU ENTER A NURSING HOME, OR THE FIRST (CALENDAR OR BENEFIT) DAYS AFTER YOU BEGIN TO USE HOME CARE SERVICES. YOU WOULD NEED TO PAY FOR YOUR CARE FROM OTHER SOURCES FOR THOSE WAITING PERIODS.";

and

~~(9)~~ (9) a signed and completed copy of the application for insurance is left with the applicant at the time the application is made.

Sec. 40. Minnesota Statutes 1998, section 62A.61, is amended to read:

62A.61 [DISCLOSURE OF METHODS USED BY HEALTH CARRIERS TO DETERMINE USUAL AND CUSTOMARY FEES.]

(a) A health carrier that bases reimbursement to health care providers upon a usual and customary fee must maintain in its office a copy of a description of the methodology used to calculate fees including at least the following:

- (1) the frequency of the determination of usual and customary fees;
- (2) a general description of the methodology used to determine usual and customary fees; and
- (3) the percentile of usual and customary fees that determines the maximum allowable reimbursement.

(b) A health carrier must provide a copy of the information described in paragraph (a) to the commissioner of health or the commissioner of commerce, upon request.

(c) The commissioner of health or the commissioner of commerce, as appropriate, may use to enforce this section any enforcement powers otherwise available to the commissioner with respect to the health carrier. The commissioner of health or commerce, as appropriate, may require health carriers to provide the information required under this section and may use any powers granted under other laws relating to the regulation of health carriers to enforce compliance.

(d) For purposes of this section, "health carrier" has the meaning given in section 62A.011.

(e) "Usual and customary" means the normal charge, in the absence of insurance, of the provider for a service or article, but not more than the prevailing charge in the area for like service or article. A "like service" is the same nature and duration, requires the same skill, and is performed by a provider of similar training and experience. A "like article" is one that is identically or substantially equivalent. "Area" means the municipality or, in the case of a large city, a subdivision of the city, in which the service or article is actually provided or a greater area as is necessary to obtain a representative cross-section of charges for like service or article.

Sec. 41. Minnesota Statutes 1998, section 62A.65, subdivision 5, is amended to read:

Subd. 5. [PORTABILITY AND CONVERSION OF COVERAGE.] (a) No individual health plan may be offered, sold, issued, or with respect to children age 18 or under renewed, to a Minnesota resident that contains a preexisting condition limitation, preexisting condition exclusion, or exclusionary rider, unless the limitation or exclusion is permitted under this subdivision and under chapter 62L, provided that, except for children age 18 or under, underwriting restrictions may be retained on individual contracts that are issued without evidence of insurability as a replacement for prior individual coverage that was sold before May 17, 1993. The individual may be subjected to an 18-month preexisting condition limitation, unless the individual has maintained continuous coverage as defined in section 62L.02. The individual must not be subjected to an exclusionary rider. An individual who has maintained continuous coverage may be subjected to a one-time preexisting condition limitation of up to 12 months, with credit for time covered under qualifying coverage as defined in section 62L.02, at the time that the individual first is covered under an individual health plan by any health carrier. Credit must be given for all qualifying coverage with respect to all preexisting conditions, regardless of whether the conditions were preexisting with respect to any previous qualifying coverage. The individual must not be subjected to an exclusionary rider. Thereafter, the individual must not be subject to any preexisting condition limitation, preexisting condition exclusion, or exclusionary rider under an individual health plan by any health carrier, except an unexpired portion of a limitation under prior coverage, so long as the individual maintains continuous coverage as defined in section 62L.02.

(b) A health carrier must offer an individual health plan to any individual previously covered under a group health plan issued by that health carrier, regardless of the size of the group, so long as the individual maintained continuous coverage as defined in section 62L.02. If the individual has available any continuation coverage provided under sections 62A.146; 62A.148; 62A.17, subdivisions 1 and 2; 62A.20; 62A.21; 62C.142; 62D.101; or 62D.105, or continuation coverage provided under federal law, the health carrier need not offer coverage under this paragraph until the individual has exhausted the continuation coverage. The offer must not be subject to underwriting, except as permitted under this paragraph. A health plan issued under this paragraph must be a qualified plan as defined in section 62E.02 and must not contain any preexisting condition limitation, preexisting condition exclusion, or exclusionary rider, except for any unexpired limitation or exclusion under the previous coverage. The individual health plan must cover pregnancy on the same basis as any other covered illness under the individual health plan. The initial premium rate for the individual health plan must comply with subdivision 3. The premium rate upon renewal must comply with subdivision 2. In no event shall the premium rate exceed 90 percent of the premium charged for comparable individual coverage by the Minnesota comprehensive health association, and the premium rate must be less than that amount if necessary to otherwise comply with this section. An individual health plan offered under this paragraph to a person satisfies the health carrier's obligation to offer conversion coverage under section 62E.16, with respect to that person. Coverage issued under this paragraph must provide that it cannot be canceled or nonrenewed as a result of the health carrier's subsequent decision to leave the individual, small employer, or other group market. Section 72A.20, subdivision 28, applies to this paragraph.

Sec. 42. Minnesota Statutes 1998, section 62B.04, subdivision 2, is amended to read:

Subd. 2. [CREDIT ACCIDENT AND HEALTH INSURANCE.] (a) The total amount of periodic indemnity payable by credit accident and health insurance in the event of disability, as defined in the policy, shall not exceed the aggregate of the periodic scheduled unpaid installments of the indebtedness; and the amount of each periodic indemnity payment shall not exceed the original indebtedness divided by the number of periodic installments. If the credit transaction provides for a variable rate of finance charge or interest, the initial rate or the scheduled rates based on the initial index must be used in determining the aggregate of the periodic scheduled unpaid installments of the indebtedness.

(b) If for any reason a policy of credit disability insurance will not or may not provide the policyholder or certificate holder with coverage for the total amount of indebtedness on the related loan or debt in the event of any one instance of disability, the applicant must be given a written disclosure on or accompanying the application. If the disclosure is on the application, it must be immediately above the signature line, within a box and the word "WARNING" must be in 14-point bold face capital letters. The rest of the text must be in capital letters and bold face 10-point print. If the disclosure is on a separate sheet, it must be on an 8-1/2 inch by 11 inch sheet of paper with the word "WARNING" in 14-point bold face capital letters with the remaining text in 10-point bold faced capital letters. If a separate disclosure is used, it must be signed by the applicant with one copy provided to the applicant and one copy maintained by the insurer for at least the term of the policy or certificate, if coverage is issued. The disclosure must state:

WARNING: IF YOU BECOME DISABLED AS DEFINED IN THE POLICY/CERTIFICATE, THIS DISABILITY INSURANCE POLICY/CERTIFICATE MAY NOT COVER YOUR ENTIRE INDEBTEDNESS. IF YOU BECOME DISABLED AT A POINT WHERE THE NUMBER OF MONTHLY INSTALLMENT PAYMENTS REMAINING EXCEEDS THE PERIOD OF COVERAGE BEING PROVIDED BY THIS POLICY/CERTIFICATE, THE BENEFITS AVAILABLE WILL BE LESS THAN THE AMOUNT NECESSARY TO PAY OFF YOUR LOAN. IF YOU WANT COVERAGE FOR THE FULL AMOUNT OF YOUR INDEBTEDNESS OR HAVE ANY QUESTIONS ABOUT THE EXTENT OR NATURE OF YOUR COVERAGE, YOU SHOULD DISCUSS THEM WITH YOUR AGENT AND/OR ENROLLER BEFORE SUBMITTING YOUR APPLICATION.

(c) Any policy or certificate of credit disability insurance which contains a critical period must make available for any single instance of disability monthly indemnity benefit payments for the term of the loan, 24 months, or the term of the disability, whichever is less. For the purposes of this section, a critical period is when there is a limited number of monthly benefit payments that may be paid to the beneficiary or the policyholder or certificate holder as a result of any one instance of disability.

(d) Unless the policy or certificate provides for such coverage, nothing in this section shall be interpreted as requiring an insurer to provide coverage for the final payment of a balloon loan or for a period that exceeds the age limitation in the policy or certificate or for amounts that exceed the insurer's maximum liability limits.

Sec. 43. Minnesota Statutes 1998, section 62D.12, subdivision 2, is amended to read:

Subd. 2. [COVERAGE CANCELLATION; NONRENEWAL.] No health maintenance organization may cancel or fail to renew the coverage of an enrollee except for (a) failure to pay the charge for health care coverage; (b) termination of the health care plan; (c) termination of the group plan; (d) enrollee moving out of the area served, subject to section 62A.17, subdivisions 1 and 6, and section 62D.104; (e) enrollee moving out of an eligible group, subject to section 62A.17, subdivisions 1 and 6, and section 62D.104; (f) failure to make copayments required by the health care plan; ~~or~~ (g) fraud or misrepresentation by the enrollee with respect to eligibility for coverage or any other material fact; or (h) other reasons established in rules promulgated by the commissioner of health.

Sec. 44. Minnesota Statutes 1998, section 62E.02, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] For the purposes of sections 62E.01 to ~~62E.16~~ 62E.19, the terms and phrases defined in this section have the meanings given them.

Sec. 45. Minnesota Statutes 1998, section 62E.05, subdivision 1, is amended to read:

Subdivision 1. [CERTIFICATION.] Upon application by an insurer, fraternal, or employer for certification of a plan of health coverage as a qualified plan or a qualified Medicare supplement plan for the purposes of sections 62E.01 to ~~62E.16~~ 62E.19, the commissioner shall make a determination within 90 days as to whether the plan is qualified. All plans of health coverage, except Medicare supplement policies, shall be labeled as "qualified" or "nonqualified" on the front of the policy or contract, or on the schedule page. All qualified plans shall indicate whether they are number one, two, or three coverage plans.

Sec. 46. Minnesota Statutes 1998, section 62E.09, is amended to read:

62E.09 [DUTIES OF COMMISSIONER.]

The commissioner may:

- (a) Formulate general policies to advance the purposes of sections 62E.01 to ~~62E.16~~ 62E.19;
- (b) Supervise the creation of the Minnesota comprehensive health association within the limits described in section 62E.10;
- (c) Approve the selection of the writing carrier by the association, approve the association's contract with the writing carrier, and approve the state plan coverage;
- (d) Appoint advisory committees;
- (e) Conduct periodic audits to assure the general accuracy of the financial data submitted by the writing carrier and the association;
- (f) Contract with the federal government or any other unit of government to ensure coordination of the state plan with other governmental assistance programs;
- (g) Undertake directly or through contracts with other persons studies or demonstration programs to develop awareness of the benefits of sections 62E.01 to 62E.16, so that the residents of this state may best avail themselves of the health care benefits provided by these sections;

(h) Contract with insurers and others for administrative services; and

(i) Adopt, amend, suspend and repeal rules as reasonably necessary to carry out and make effective the provisions and purposes of sections 62E.01 to ~~62E.16~~ 62E.19.

Sec. 47. Minnesota Statutes 1998, section 62E.13, subdivision 6, is amended to read:

Subd. 6. [CLAIMS PAYMENTS.] All claims shall be paid by the writing carrier pursuant to the provisions of sections 62E.01 to ~~62E.16~~ 62E.19, and shall indicate that the claim was paid by the state plan. Each claim payment shall include information specifying the procedure to be followed in the event of a dispute over the amount of payment.

Sec. 48. Minnesota Statutes 1998, section 62E.13, subdivision 8, is amended to read:

Subd. 8. [WRITING CARRIER AS AGENT.] The writing carrier shall at all times when carrying out its duties under sections 62E.01 to ~~62E.16~~ 62E.19 be considered an agent of the association and the commissioner with civil liability subject to the provisions of section 3.751.

Sec. 49. Minnesota Statutes 1998, section 62E.14, subdivision 2, is amended to read:

Subd. 2. [WRITING CARRIER'S RESPONSE.] Within 30 days of receipt of the certificate described in subdivision 1, the writing carrier shall either reject the application for failing to comply with the requirements in subdivision 1 or forward the eligible person a notice of acceptance and billing information. Insurance shall be effective immediately upon receipt of the first month's state plan premium, and shall be retroactive to the date of the application, if the applicant otherwise complies with the requirements of sections 62E.01 to ~~62E.16~~ 62E.19.

Sec. 50. Minnesota Statutes 1998, section 62E.15, subdivision 2, is amended to read:

Subd. 2. [ASSOCIATION'S DUTY.] The association shall devise and implement means of maintaining public awareness of the provisions of sections 62E.01 to ~~62E.17~~ 62E.19 and shall administer these sections in a manner which facilitates public participation in the state plan.

Sec. 51. Minnesota Statutes 1998, section 62I.07, subdivision 1, is amended to read:

Subdivision 1. [GENERAL ASSESSMENT.] Each member of the association that is authorized to write property and casualty insurance in the state shall participate in its losses and expenses in the proportion that the direct written premiums of the member on the kinds of insurance in that account bears to the total aggregate direct written premiums written in this state by all members on the kinds of insurance in that account. The members' participation in the association shall be determined annually on the direct written premiums written during the preceding calendar year as reported on the annual statements and other reports filed by the member with the commissioner. Direct written premiums mean that amount at page 14, column (2), lines ~~5~~ 5.1, 8, 9, 17, 21.2, 22, 23, 24, 25, 26, and 27 of the annual statement filed annually with the department of commerce under section 60A.13.

Sec. 52. Minnesota Statutes 1998, section 62L.02, subdivision 24, is amended to read:

Subd. 24. [QUALIFYING COVERAGE.] "Qualifying coverage" means health benefits or health coverage provided under:

(1) a health benefit plan, as defined in this section, but without regard to whether it is issued to a small employer and including blanket accident and sickness insurance, other than accident-only coverage, as defined in section 62A.11;

(2) part A or part B of Medicare;

- (3) medical assistance under chapter 256B;
- (4) general assistance medical care under chapter 256D;
- (5) MCHA;
- (6) a self-insured health plan;
- (7) the MinnesotaCare program established under section 256L.02;
- (8) a plan provided under section 43A.316, 43A.317, or 471.617;
- (9) the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) or other coverage provided under United States Code, title 10, chapter 55;
- (10) coverage provided by a health care network cooperative under chapter 62R or by a health provider cooperative under section 62R.17;
- (11) a medical care program of the Indian Health Service or of a tribal organization;
- (12) the federal Employees Health Benefits Plan, or other coverage provided under United States Code, title 5, chapter 89;
- (13) a health benefit plan under section 5(e) of the Peace Corps Act, codified as United States Code, title 22, section 2504(e); ~~or~~
- (14) a health plan; or
- ~~(14)~~ (15) a plan similar to any of the above plans provided in this state or in another state as determined by the commissioner.

Sec. 53. Minnesota Statutes 1998, section 62L.03, subdivision 5, is amended to read:

Subd. 5. [CANCELLATIONS AND FAILURES TO RENEW.] (a) No health carrier shall cancel, decline to issue, or fail to renew a health benefit plan as a result of the claim experience or health status of the persons covered or to be covered by the health benefit plan. For purposes of this subdivision, a failure to renew does not include a uniform modification of coverage at time of renewal, as described in subdivision 1.

(b) A health carrier may cancel or fail to renew a health benefit plan:

- (1) for nonpayment of the required premium;
- (2) for fraud or misrepresentation by the small employer with respect to eligibility for coverage or any other material fact;
- (3) if the employer fails to comply with the minimum contribution percentage required under subdivision 3; or
- (4) for any other reasons or grounds expressly permitted by the respective licensing laws and regulations governing a health carrier, including, but not limited to, service area restrictions imposed on health maintenance organizations under section 62D.03, subdivision 4, paragraph (m), to the extent that these grounds are not expressly inconsistent with this chapter.

(c) A health carrier may fail to renew a health benefit plan:

(1) if eligible employee participation during the preceding calendar year declines to less than 75 percent, subject to the waiver of coverage provision in subdivision 3;

(2) if the health carrier ceases to do business in the small employer market under section 62L.09; or

(3) if a failure to renew is based upon the health carrier's decision to discontinue the health benefit plan form previously issued to the small employer, but only if the health carrier permits each small employer covered under the prior form to switch to its choice of any other health benefit plan offered by the health carrier, without any underwriting restrictions that would not have been permitted for renewal purposes.

(d) A health carrier need not renew a health benefit plan, and shall not renew a small employer plan, if an employer ceases to qualify as a small employer as defined in section 62L.02. If a health benefit plan, other than a small employer plan, provides terms of renewal that do not exclude an employer that is no longer a small employer, the health benefit plan may be renewed according to its own terms. If a health carrier issues or renews a health plan to an employer that is no longer a small employer, without interruption of coverage, the health plan is subject to section 60A.082.

(e) A health carrier may cancel or fail to renew the coverage of an individual employee or dependent under a health benefit plan for fraud or misrepresentation by the eligible employee or dependent with respect to eligibility for coverage or any other material fact.

Sec. 54. Minnesota Statutes 1998, section 62L.05, subdivision 5, is amended to read:

Subd. 5. [PLAN VARIATIONS.] (a) No health carrier shall offer to a small employer a health benefit plan that differs from the two small employer plans described in subdivisions 1 to 4, unless the health benefit plan complies with all provisions of chapters 62A, 62C, 62D, 62E, 62H, 62N, 62Q, and 64B that otherwise apply to the health carrier, except as expressly permitted by paragraph (b).

(b) As an exception to paragraph (a), a health benefit plan is deemed to be a small employer plan and to be in compliance with paragraph (a) if it differs from one of the two small employer plans described in subdivisions 1 to 4 only by providing benefits in addition to those described in subdivision 4, provided that the health benefit plan has an actuarial value that exceeds the actuarial value of the benefits described in subdivision 4 by no more than two percent. "Benefits in addition" means additional units of a benefit listed in subdivision 4 or one or more benefits not listed in subdivision 4.

Sec. 55. Minnesota Statutes 1998, section 62L.14, subdivision 7, is amended to read:

Subd. 7. [COMPENSATION.] Public directors may be reimbursed by the association for reasonable and necessary expenses incurred by them in performing their duties as directors, ~~but shall not otherwise be compensated by the association for their services and may be compensated by the association at a rate of up to \$55 per day spent on authorized association activities.~~

Sec. 56. Minnesota Statutes 1998, section 62Q.105, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] Each health plan company shall establish and make available to enrollees, by July 1, ~~1999~~ 2001, an informal complaint resolution process that meets the requirements of this section. A health plan company must make reasonable efforts to resolve enrollee complaints, and must inform complainants in writing of the company's decision within 30 days of receiving the complaint. The complaint resolution process must treat the complaint and information related to it as required under sections 72A.49 to 72A.505.

Sec. 57. Minnesota Statutes 1998, section 62Q.185, is amended to read:

62Q.185 [GUARANTEED RENEWABILITY; LARGE EMPLOYER GROUP HEALTH COVERAGE.]

(a) No health plan company, as defined in section 62Q.01, subdivision 4, shall refuse to renew a health benefit plan, as defined in section 62L.02, subdivision 15, but issued to a large employer, as defined in section 62Q.18, subdivision 1.

(b) This section does not require renewal if:

(1) the large employer has failed to pay premiums or contributions as required under the terms of the health benefit plan, or the health plan company has not received timely premium payments unless the late payments were received within a grace period provided under state law;

(2) the large employer has performed an act or practice that constitutes fraud or misrepresentation of material fact under the terms of the health benefit plan;

(3) the large employer has failed to comply with a material plan provision relating to employer contribution or group participation rules not prohibited by state law;

(4) the health plan company is ceasing to offer coverage in the large employer market in this state in compliance with United States Code, title 42, section 300gg-12(c), and applicable state law;

(5) in the case of a health maintenance organization, there is no longer any enrollee in the large employer's health benefit plan who lives, resides, or works in the approved service area; or

(6) in the case of a health benefit plan made available to large employers only through one or more bona fide associations, the membership of the large employer in the association ceases, but only if such coverage is terminated uniformly without regard to any health-related factor relating to any covered individual.

(c) This section does not prohibit a health plan company from modifying the premium rate or from modifying the coverage for purposes of renewal.

(d) This section does not require renewal of the coverage of individual enrollees under the health benefit plan if the individual enrollee has performed an act or practice that constitutes fraud or misrepresentation of material fact under the terms of the health benefit plan.

Sec. 58. Minnesota Statutes 1998, section 62Q.30, is amended to read:

62Q.30 [EXPEDITED FACT FINDING AND DISPUTE RESOLUTION PROCESS.]

The commissioner shall establish an expedited fact finding and dispute resolution process to assist enrollees of health plan companies with contested treatment, coverage, and service issues to be in effect July 1, ~~1999~~ 2001. If the disputed issue relates to whether a service is appropriate and necessary, the commissioner shall issue an order only after consulting with appropriate experts knowledgeable, trained, and practicing in the area in dispute, reviewing pertinent literature, and considering the availability of satisfactory alternatives. The commissioner shall take steps including but not limited to fining, suspending, or revoking the license of a health plan company that is the subject of repeated orders by the commissioner that suggests a pattern of inappropriate underutilization.

Sec. 59. Minnesota Statutes 1998, section 62S.01, subdivision 14, is amended to read:

Subd. 14. [LOSS OF FUNCTIONAL CAPACITY.] "Loss of functional capacity" means requiring the substantial assistance of another person to perform the prescribed activities of daily living.

Sec. 60. Minnesota Statutes 1998, section 62S.05, subdivision 2, is amended to read:

Subd. 2. [PROHIBITED EXCLUSION.] A long-term care insurance policy or certificate, other than a policy or certificate issued to a group as defined in section 62S.01, subdivision 15, clause (1), may not exclude coverage for a loss or confinement that is the result of a preexisting condition ~~unless the loss or confinement begins within more than~~ than six months following the effective date of coverage of an insured person.

Sec. 61. Minnesota Statutes 1998, section 65A.01, subdivision 1, is amended to read:

Subdivision 1. [DESIGNATION AND SCOPE.] The printed form of a policy of fire insurance, as set forth in subdivisions 3 and 3a, shall be known and designated as the "Minnesota standard fire insurance policy" to be used in the state of Minnesota. No policy or contract of fire insurance shall be made, issued or delivered by any insurer including reciprocals or interinsurance exchanges or any agent or representative thereof, on any property in this state, unless it shall provide the specified coverage and conform as to all provisions, stipulations, and conditions, with such form of policy, except as provided in sections 60A.08, subdivision 9; ~~60A.31 to 60A.35~~ 60A.352; 65A.06; 65A.29; 72A.20, subdivision 17; and other statutes containing specific requirements that are inconsistent with the form of this policy. Any policy or contract otherwise subject to the provisions of this subdivision, subdivisions 3 and 3a which includes either on an unspecified basis as to coverage or for a single premium, coverage against the peril of fire and coverage against other perils may be issued without incorporating the exact language of the Minnesota standard fire insurance policy, provided: Such policy or contract shall, with respect to the peril of fire, afford the insured all the rights and benefits of the Minnesota standard fire insurance policy and such additional benefits as the policy provides; the provisions in relation to mortgagee interests and obligations in said Minnesota standard fire insurance policy shall be incorporated therein without change; such policy or contract is complete as to its terms of coverage; and, the commissioner is satisfied that such policy or contract complies with the provisions hereof.

Sec. 62. Minnesota Statutes 1998, section 65A.01, subdivision 3, is amended to read:

Subd. 3. [POLICY PROVISIONS.] On said policy following such matter as provided in subdivisions 1 and 2, printed in the English language in type of such size or sizes and arranged in such manner, as is approved by the commissioner of commerce, the following provisions and subject matter shall be stated in the following words and in the following sequence, but with the convenient placing, if desired, of such matter as will act as a cover or back for such policy when folded, with the blanks below indicated being left to be filled in at the time of the issuing of the policy, to wit:

(Space for listing the amounts of insurance, rates and premiums for the basic coverages provided under the standard form of policy and for additional coverages or perils provided under endorsements attached. The description and location of the property covered and the insurable value(s) of any building(s) or structure(s) covered by the policy or its attached endorsements; also in the above space may be stated whether other insurance is limited and if limited the total amount permitted.)

In consideration of the provisions and stipulations herein or added hereto and of the premium above specified this company, for a term of from (At 12:01 a.m. Standard Time) to (At 12:01 a.m. Standard Time) at location of property involved, to an amount not exceeding the amount(s) above specified does insure and legal representatives

(In above space may be stated whether other insurance is limited.) (And if limited the total amount permitted.)

Subject to form No.(s) attached hereto.

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such provisions, stipulations and agreements as may be added hereto as provided in this policy.

The insurance effected above is granted against all loss or damage by fire originating from any cause, except as hereinafter provided, also any damage by lightning and by removal from premises endangered by the perils insured against in this policy, to the property described hereinafter while located or contained as described in this policy, or pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere. The amount of said loss or damage, except in case of total loss on buildings, to be estimated according to the actual value of the insured property at the time when such loss or damage happens.

If the insured property shall be exposed to loss or damage from the perils insured against, the insured shall make all reasonable exertions to save and protect same.

This entire policy shall be void if, whether before a loss, the insured has willfully, or after a loss, the insured has willfully and with intent to defraud, concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interests of the insured therein.

This policy shall not cover accounts, bills, currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in writing, bullion, or manuscripts.

This company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly by: (a) enemy attack by armed forces, including action taken by military, naval or air forces in resisting an actual or immediately impending enemy attack; (b) invasion; (c) insurrection; (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h) order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire, providing that such fire did not originate from any of the perils excluded by this policy.

Other insurance may be prohibited or the amount of insurance may be limited by so providing in the policy or an endorsement, rider or form attached thereto.

Unless otherwise provided in writing added hereto this company shall not be liable for loss occurring:

- (a) while the hazard is increased by any means within the control or knowledge of the insured; or
- (b) while the described premises, whether intended for occupancy by owner or tenant, are vacant or unoccupied beyond a period of 60 consecutive days; or
- (c) as a result of explosion or riot, unless fire ensue, and in that event for loss by fire only.

Any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement in writing hereon or added hereto.

The extent of the application of insurance under this policy and the contributions to be made by this company in case of loss, and any other provision or agreement not inconsistent with the provisions of this policy, may be provided for in writing added hereto, but no provision may be waived except such as by the terms of this policy is subject to change.

No permission affecting this insurance shall exist, or waiver of any provision be valid, unless granted herein or expressed in writing added hereto. No provision, stipulation or forfeiture shall be held to be waived by any requirements or proceeding on the part of this company relating to appraisal or to any examination provided for herein.

This policy shall be canceled at any time at the request of the insured, in which case this company shall, upon demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time. This policy may be canceled at any time by this company by giving to the insured ~~30 days~~ a written notice of cancellation with or without tender of the excess of paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that said excess premium (if not tendered) will be refunded on demand.

If loss hereunder is made payable, in whole or in part, to a designated mortgagee or contract for deed vendor not named herein as insured, such interest in this policy may be canceled by giving to such mortgagee or vendor a ten days' written notice of cancellation.

Notwithstanding any other provisions of this policy, if this policy shall be made payable to a mortgagee or contract for deed vendor of the covered real estate, no act or default of any person other than such mortgagee or vendor or the mortgagee's or vendor's agent or those claiming under the mortgagee or vendor, whether the same occurs before or during the term of this policy, shall render this policy void as to such mortgagee or vendor nor affect such mortgagee's or vendor's right to recover in case of loss on such real estate; provided, that the mortgagee or vendor shall on demand pay according to the established scale of rates for any increase of risks not paid for by the insured; and whenever this company shall be liable to a mortgagee or vendor for any sum for loss under this policy for which no liability exists as to the mortgagor, vendee, or owner, and this company shall elect by itself, or with others, to pay the mortgagee or vendor the full amount secured by such mortgage or contract for deed, then the mortgagee or vendor shall assign and transfer to the company the mortgagee's or vendor's interest, upon such payment, in the said mortgage or contract for deed together with the note and debts thereby secured.

This company shall not be liable for a greater proportion of any loss than the amount hereby insured shall bear to the whole insurance covering the property against the peril involved.

In case of any loss under this policy the insured shall give immediate written notice to this company of any loss, protect the property from further damage, and a statement in writing, signed and sworn to by the insured, shall within 60 days be rendered to the company, setting forth the value of the property insured, except in case of total loss on buildings the value of said buildings need not be stated, the interest of the insured therein, all other insurance thereon, in detail, the purposes for which and the persons by whom the building insured, or containing the property insured, was used, and the time at which and manner in which the fire originated, so far as known to the insured.

The insured, as often as may be reasonably required, shall exhibit to any person designated by this company all that remains of any property herein described, and, after being informed of the right to counsel and that any answers may be used against the insured in later civil or criminal proceedings, the insured shall, within a reasonable period after demand by this company, submit to examinations under oath by any person named by this company, and subscribe the oath. The insured, as often as may be reasonably required, shall produce for examination all records and documents reasonably related to the loss, or certified copies thereof if originals are lost, at a reasonable time and place designated by this company or its representatives, and shall permit extracts and copies thereof to be made.

In case the insured and this company, except in case of total loss on buildings, shall fail to agree as to the actual cash value or the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within 20 days of such demand. In case either fails to select an appraiser within the time provided, then a presiding judge of the district court of the county wherein the loss occurs may appoint such appraiser for such party upon application of the other party in writing by giving five days' notice thereof in writing to the party failing to appoint. The appraisers shall first select a competent and disinterested umpire; and failing for 15 days to agree upon such umpire, then a presiding judge of the above mentioned court may appoint such an umpire upon application of party in writing by giving five days' notice thereof in writing to the other party. The appraisers shall then appraise the loss, stating separately actual value and loss to each item; and, failing to agree, shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with this company shall determine the amount of actual value and loss. Each appraiser shall be paid by the selecting party, or the party for whom selected, and the expense of the appraisal and umpire shall be paid by the parties equally.

It shall be optional with this company to take all of the property at the agreed or appraised value, and also to repair, rebuild or replace the property destroyed or damaged with other of like kind and quality within a reasonable time, on giving notice of its intention so to do within 30 days after the receipt of the proof of loss herein required.

There can be no abandonment to this company of any property.

The amount of loss for which this company may be liable shall be payable 60 days after proof of loss, as herein provided, is received by this company and ascertainment of the loss is made either by agreement between the insured and this company expressed in writing or by the filing with this company of an award as herein provided. It is moreover understood that there can be no abandonment of the property insured to the company, and that the company will not in any case be liable for more than the sum insured, with interest thereon from the time when the loss shall become payable, as above provided.

No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless all the requirements of this policy have been complied with, and unless commenced within two years after inception of the loss.

This company is subrogated to, and may require from the insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by this company; and the insurer may prosecute therefor in the name of the insured retaining such amount as the insurer has paid.

Assignment of this policy shall not be valid except with the written consent of this company.

IN WITNESS WHEREOF, this company has executed and attested these presents.

.....
(Signature)	(Signature)
.....
(Name of office)	(Name of office)

Sec. 63. Minnesota Statutes 1998, section 65A.01, is amended by adding a subdivision to read:

Subd. 3c. [TIME REQUIREMENTS.] (a) In the event of a policy less than 60 days old that is not being renewed, or a policy that it is being canceled for nonpayment of premium, the notice must be mailed to the insured so that it is received at least 20 days before the effective cancellation date. If a policy is being canceled for underwriting considerations, the insured must be informed of the source from which the information was received.

(b) In the event of a mid-term cancellation, for reasons listed in subdivision 3a, or according to policy provisions, the insured must receive a 30-day notice.

(c) In the event of a nonrenewal, a 60-day notice must be sent to the insured, containing the specific underwriting or other reason for the indicated actions.

(d) This subdivision does not apply to commercial policies regulated under sections 60A.36 and 60A.37.

Sec. 64. Minnesota Statutes 1998, section 65A.27, subdivision 4, is amended to read:

Subd. 4. "Homeowner's insurance" means insurance coverage, as provided in section 60A.06, subdivision 1, clause (1)(c), normally written by the insurer as a standard homeowner's package policy or as a standard residential renter's package policy. This definition includes, but is not limited to, policies that are generally described as homeowner's policies, mobile/manufactured homeowner's policies, dwelling owner policies, condominium owner policies, and tenant policies.

Sec. 65. Minnesota Statutes 1998, section 65A.29, subdivision 4, is amended to read:

Subd. 4. [FORM REQUIREMENTS.] Any notice or statement required by subdivisions 1 to 3, or any other notice canceling a homeowner's insurance policy must be written in language which is easily readable and understandable by a person of average intelligence and understanding. The statement of reason must be sufficiently specific to convey, clearly and without further inquiry, the basis for the insurer's refusal to renew or to write the insurance coverage.

The notice or statement must also inform the insured of:

(1) the possibility of coverage through the Minnesota property insurance placement facility under sections 65A.31 to 65A.42;

(2) the right to object to the commissioner under subdivision 9; and

(3) the right to the return of unearned premium in appropriate situations under subdivision 10.

Sec. 66. Minnesota Statutes 1998, section 65B.02, subdivision 2, is amended to read:

Subd. 2. [QUALIFIED APPLICANT.] "Qualified applicant" means a person who:

(1) Is a resident of this state,

(2) Owns a motor vehicle registered in accordance with the laws of this state, or has a valid driver's license, or is required to file ~~proof of financial responsibility~~ a certificate of insurance with the commissioner of public safety ~~in accordance with the provisions of this chapter,~~ and

(3) Has no unpaid premiums with respect to prior automobile insurance.

Sec. 67. Minnesota Statutes 1998, section 65B.44, subdivision 1, is amended to read:

Subdivision 1. [INCLUSIONS.] Basic economic loss benefits shall provide reimbursement for all loss suffered through injury arising out of the maintenance or use of a motor vehicle, subject to any applicable deductibles, exclusions, disqualifications, and other conditions, and shall provide a ~~maximum~~ minimum of \$40,000 for loss arising out of the injury of any one person, consisting of:

(a) \$20,000 for medical expense loss arising out of injury to any one person; and

(b) a total of \$20,000 for income loss, replacement services loss, funeral expense loss, survivor's economic loss, and survivor's replacement services loss arising out of the injury to any one person.

Sec. 68. Minnesota Statutes 1998, section 65B.48, subdivision 5, is amended to read:

Subd. 5. (a) Every owner of a motorcycle registered or required to be registered in this state or operated in this state by the owner or with the owner's permission shall provide and maintain security for the payment of tort liabilities arising out of the maintenance or use of the motorcycle in this state. Security may be provided by a contract of liability insurance complying with section 65B.49, subdivision 3, or by qualifying as a self insurer in the manner provided in subdivision 3.

(b) At the time an application for motorcycle insurance without personal injury protection coverage is completed, there must be attached to the application a separate form containing a written notice in at least 10-point bold type, if printed, or in capital letters, if typewritten that states:

"Under Minnesota law, a policy of motorcycle coverage issued in the State of Minnesota must provide liability coverage only, and there is no requirement that the policy provide personal injury protection (PIP) coverage in the case of injury sustained by the insured. No PIP coverage provided by an automobile insurance policy you may have in force will extend to provide coverage in the event of a motorcycle accident."

Sec. 69. Minnesota Statutes 1998, section 72A.125, subdivision 3, is amended to read:

Subd. 3. [COLLISION DAMAGE WAIVER.] A "collision damage waiver" is a discharge of the responsibility of the renter or leasee to return the motor vehicle in the same condition as when it was first rented. The waiver is a full and complete discharge of the responsibility to return the vehicle in the same condition as when it was first rented. The waiver may not contain any exclusions except those approved by the commissioner ~~pursuant to the requirements contained in section 61A.02, subdivisions 2 to 5.~~

Sec. 70. Minnesota Statutes 1998, section 72A.20, subdivision 29, is amended to read:

Subd. 29. [HIV TESTS; CRIME VICTIMS AND EMERGENCY MEDICAL SERVICE PERSONNEL.] No insurer regulated under chapter 61A ~~or~~, 62B, or 62S, or providing health, medical, hospitalization, long-term care insurance, or accident and sickness insurance regulated under chapter 62A, or nonprofit health services service plan corporation regulated under chapter 62C, health maintenance organization regulated under chapter 62D, or fraternal benefit society regulated under chapter 64B, may:

(1) obtain or use the performance of or the results of a test to determine the presence of the human immunodeficiency virus (HIV) antibody performed on an offender under section 611A.19 or performed on a crime victim who was exposed to or had contact with an offender's bodily fluids during commission of a crime that was reported to law enforcement officials, in order to make an underwriting decision, cancel, fail to renew, or take any other action with respect to a policy, plan, certificate, or contract;

(2) obtain or use the performance of or the results of a test to determine the presence of the human immunodeficiency virus (HIV) antibody performed on a patient pursuant to sections 144.761 to 144.7691, or performed on emergency medical services personnel pursuant to the protocol under section 144.762, subdivision 2, in order to make an underwriting decision, cancel, fail to renew, or take any other action with respect to a policy, plan, certificate, or contract; for purposes of this clause, "patient" and "emergency medical services personnel" have the meanings given in section 144.761; or

(3) ask an applicant for coverage or a person already covered whether the person has: (i) had a test performed for the reason set forth in clause (1) or (2); or (ii) been the victim of an assault or any other crime which involves bodily contact with the offender.

A question that purports to require an answer that would provide information regarding a test performed for the reason set forth in clause (1) or (2) may be interpreted as excluding this test. An answer that does not mention the test is considered to be a truthful answer for all purposes. An authorization for the release of medical records for insurance purposes must specifically exclude any test performed for the purpose set forth in clause (1) or (2) and must be read as providing this exclusion regardless of whether the exclusion is expressly stated. This subdivision does not affect tests conducted for purposes other than those described in clause (1) or (2), including any test to determine the presence of the human immunodeficiency virus (HIV) antibody if such test was performed at the insurer's direction as part of the insurer's normal underwriting requirements.

Sec. 71. Minnesota Statutes 1998, section 72B.04, subdivision 10, is amended to read:

Subd. 10. [FEES.] A fee of \$40 is imposed for each initial license or temporary permit and \$25 for each renewal thereof or amendment thereto. A fee of \$20 is imposed for the registration of each nonlicensed adjuster who is required to register under section 72B.06. All fees shall be transmitted to the commissioner and shall be payable to the state treasurer department of commerce. ~~If a fee is paid for an examination and if within one year from the date of that payment no written request for a refund is received by the commissioner or the examination for which the fee was paid is not taken, the fee is forfeited to the state of Minnesota.~~

Sec. 72. Minnesota Statutes 1998, section 79A.01, subdivision 10, is amended to read:

Subd. 10. [COMMON CLAIMS FUND.] "Common claims fund," with respect to group self-insurers, means the cash, cash equivalents, or investment accounts maintained by the ~~mutual~~ self-insurance group to pay its workers' compensation liabilities.

Sec. 73. Minnesota Statutes 1998, section 79A.01, is amended by adding a subdivision to read:

Subd. 11. [DIMINUTIVE APPLICANTS.] "Diminutive applicants" to group self-insurance means applicants to existing self-insurance groups whose equity and premium are both less than five percent of the total group's equity and premium.

Sec. 74. Minnesota Statutes 1998, section 79A.02, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] For the purposes of assisting the commissioner, there is established a workers' compensation self-insurers' advisory committee of five members that are employers authorized to self-insure in Minnesota. Three of the members and three alternates shall be elected by the self-insurers' security fund board of trustees and two members and two alternates shall be appointed by the commissioner.

Sec. 75. Minnesota Statutes 1998, section 79A.02, subdivision 3, is amended to read:

Subd. 3. [AUDIT OF SELF-INSURANCE APPLICATION.] (a) ~~The self-insurer's~~ self-insurers' security fund ~~shall~~ may retain a certified public accountant ~~who shall~~ to perform services for, and report directly to, the commissioner of commerce. When requested by the workers' compensation self-insurers' advisory committee, the certified public accountant shall review ~~each~~ an application to self-insure, including the applicant's financial data. The certified public accountant shall provide a report to the commissioner of commerce indicating whether ~~the~~ that applicant has met the requirements of section 79A.03, subdivisions 2 and 3. Additionally, the certified public accountant shall provide advice and counsel to the commissioner about relevant facts regarding ~~the~~ that applicant's financial condition.

(b) If the report of the certified public accountant is used by the commissioner as the basis for the commissioner's determination regarding the applicant's self-insurance status, the certified public accountant shall be made available to the commissioner for any hearings or other proceedings arising from that determination.

(c) The commissioner shall provide the advisory committee with the summary report by the certified public accountant and any financial data in possession of the department of commerce that is otherwise available to the public.

The cost of the review shall be the obligation of the self-insurer's security fund.

Sec. 76. Minnesota Statutes 1998, section 79A.02, subdivision 4, is amended to read:

Subd. 4. [RECOMMENDATIONS TO COMMISSIONER REGARDING REVOCATION.] After each fifth anniversary from the date each individual and group self-insurer becomes certified to self-insure, the committee shall review all relevant financial data filed with the department of commerce that is otherwise available to the public and make a recommendation to the commissioner about whether each self-insurer's certificate should be revoked. For group self-insurers who have been in existence for five years or more and have been granted renewal authority, a level of funding in the common claims fund must be maintained at not less than the greater of either: (1) one year's claim losses paid in the most recent year; or (2) one-third of the security deposit posted with the department of commerce according to section 79A.04, subdivision 2. This provision supersedes any requirements under section 79A.03, subdivision 10, and Minnesota Rules, part 2780.5000.

Sec. 77. Minnesota Statutes 1998, section 79A.03, subdivision 6, is amended to read:

Subd. 6. [APPLICATIONS FOR GROUP SELF-INSURANCE.] (a) Two or more employers may apply to the commissioner for the authority to self-insure as a group, using forms available from the commissioner. This initial application shall be accompanied by a copy of the bylaws or plan of operation adopted by the group. Such bylaws or plan of operation shall conform to the conditions prescribed by law or rule. The commissioner shall approve or disapprove the bylaws within 60 days unless a question as to the legality of a specific bylaw or plan provision has been referred to the attorney general's office. The commissioner shall make a determination as to the application within 15 days after receipt of the requested response from the attorney general's office.

(b) After the initial application and the bylaws or plan of operation have been approved by the commissioner or at the time of the initial application, the group shall submit the names of employers that will be members of the group; an indemnity agreement providing for joint and several liability for all group members for any and all workers' compensation claims incurred by any member of the group, as set forth in Minnesota Rules, part 2780.9920, signed by an officer of each member; and an accounting review performed by a certified public accountant. A certified financial audit may be filed in lieu of an accounting review.

(c) When a group has obtained its authority to self-insure, additional applicants who wish to join the group must apply for approval by submitting, at least 45 days before joining the group: (1) an application; (2) an indemnity agreement providing for joint and several liability as set forth in Minnesota Rules, part 2780.9920, signed by an officer of the applicant; and (3) a certified financial audit performed by a certified public accountant. An accounting review performed by a certified public accountant may be filed in lieu of a certified audit.

New diminutive applicants to the group, as defined in section 79A.01, subdivision 11, applying for membership in groups in existence longer than one year, who have a combined equity of all group members in excess of 15 times the last retention limit selected by the group with the workers' compensation reinsurance association, and have posted 125 percent of the group's total estimated future liability, must submit the items in this paragraph at least ten days before joining the group.

If the cumulative total of premium added to the group by diminutive new members is greater than 50 percent in a fiscal year of the group, all subsequent new members' applications must be submitted at least 45 days before joining the group.

In all cases of new membership, evidence that cash premiums equal to not less than 20 percent of the current year's modified premium of each applicant have been paid into a common claims fund, maintained by the group in a designated depository, must be filed with the department at least ten days before joining the group.

Sec. 78. Minnesota Statutes 1998, section 79A.03, subdivision 7, is amended to read:

Subd. 7. [FINANCIAL STANDARDS.] A self-insurer group ~~proposing to self-insure~~ shall have and maintain:

(a) A combined net worth of all of the members of an amount at least equal to the greater of ten times the retention selected with the workers' compensation reinsurance association or one-third of the current annual modified premium of the members.

(b) Sufficient assets, net worth, and liquidity to promptly and completely meet all obligations of its members under chapter 176 or this chapter. In determining whether a group is in sound financial condition, consideration shall be given to the combined net worth of the member companies; the consolidated long-term and short-term debt to equity ratios of the member companies; any excess insurance other than reinsurance with the workers' compensation reinsurance association, purchased by the group from an insurer licensed in Minnesota or from an authorized surplus line carrier; other financial data requested by the commissioner or submitted by the group; and the combined workers' compensation experience of the group for the last four years.

Sec. 79. Minnesota Statutes 1998, section 79A.03, subdivision 9, is amended to read:

Subd. 9. [FILING REPORTS.] (a) Incurred losses, paid and unpaid, specifying indemnity and medical losses by classification, payroll by classification, and current estimated outstanding liability for workers' compensation shall be reported to the commissioner by each self-insurer on a calendar year basis, in a manner and on forms available from the commissioner. Payroll information must be filed by April 1 of the following year, ~~and loss information and total workers' compensation liability must be filed by August 1 of the following year.~~

(b) Each self-insurer shall, under oath, attest to the accuracy of each report submitted pursuant to paragraph (a). Upon sufficient cause, the commissioner shall require the self-insurer to submit a certified audit of payroll and claim records conducted by an independent auditor approved by the commissioner, based on generally accepted accounting principles and generally accepted auditing standards, and supported by an actuarial review and opinion of the future contingent liabilities. The basis for sufficient cause shall include the following factors: where the losses reported appear significantly different from similar types of businesses; where major changes in the reports exist from year to year, which are not solely attributable to economic factors; or where the commissioner has reason to believe that the losses and payroll in the report do not accurately reflect the losses and payroll of that employer. If any discrepancy is found, the commissioner shall require changes in the self-insurer's or workers' compensation service company record keeping practices.

(c) ~~With the An annual loss status report due August 1 by each self-insurer shall report to the commissioner any workers' compensation claim from the previous year where the full, undiscounted value is estimated to exceed \$50,000; be filed~~ in a manner and on forms prescribed by the commissioner.

(d) Each individual self-insurer shall, within four months after the end of its fiscal year, annually file with the commissioner its latest 10K report required by the Securities and Exchange Commission. If an individual self-insurer does not prepare a 10K report, it shall file an annual certified financial statement, together with such other financial information as the commissioner may require to substantiate data in the financial statement.

(e) Each member of the group shall, within ~~four~~ seven months after the end of each fiscal year for that group, file the most recent annual financial statement, reviewed by a certified public accountant in accordance with the Statements on Standards for Accounting and Review Services, Volume 2, the American Institute of Certified Public Accountants Professional Standards, or audited in accordance with generally accepted auditing standards, together with such other financial information the commissioner may require. In addition, the group shall file, within ~~four~~ seven months after the end of each fiscal year for that group, combining financial statements of the group members, compiled by a certified public accountant in accordance with the Statements on Standards for Accounting and Review Services, Volume 2, the American Institute of Certified Public Accountants Professional Standards. The combining financial statements shall include, but not be limited to, a balance sheet, income statement, statement of changes in net worth, and statement of cash flow. Each combining financial statement shall include a column for each individual group member along with a total column.

Where a group has 50 or more members, the group shall file, in lieu of the combining financial statements, a combined financial statement showing only the total column for the entire group's balance sheet, income statement, statement of changes in net worth, and statement of cash flow. Additionally, the group shall disclose, for each member, the total assets, net worth, revenue, and income for the most recent fiscal year. The combining and combined financial statements may omit all footnote disclosures.

(f) In addition to the financial statements required by paragraphs (d) and (e), interim financial statements or 10Q reports required by the Securities and Exchange Commission may be required by the commissioner upon an indication that there has been deterioration in the self-insurer's financial condition, including a worsening of current ratio, lessening of net worth, net loss of income, the downgrading of the company's bond rating, or any other significant change that may adversely affect the self-insurer's ability to pay expected losses. Any self-insurer that files an 8K report with the Securities and Exchange Commission shall also file a copy of the report with the commissioner within 30 days of the filing with the Securities and Exchange Commission.

Sec. 80. Minnesota Statutes 1998, section 79A.03, subdivision 10, is amended to read:

Subd. 10. [ANNUAL AUDIT AND REFUNDS.] (a) The accounts and records of the group self-insurer's fund shall be audited annually. Audits shall be made by certified public accountants, based on generally accepted accounting principles and generally accepted auditing standards, and supported by actuarial review and opinion of the future contingent liabilities, in order to determine the solvency of the self-insurer's fund. All audits required by this subdivision shall be filed with the commissioner 90 days after the close of the fiscal year for the group self-insurer. The commissioner may require a special audit to be made at other times if the financial stability of the fund or the adequacy of its monetary reserves is in question.

(b) One hundred percent of any surplus money for a fund year in excess of 125 percent of the amount necessary to fulfill all obligations under chapter 176 for that fund year may be declared refundable to a member at any time after 18 months following the end of such fund year. There can be no more than one refund in any 12-month period. When all claims of any one fund year have been fully paid, as certified by an actuary, all surplus money from that fund year may be declared refundable.

Sec. 81. Minnesota Statutes 1998, section 79A.03, is amended by adding a subdivision to read:

Subd. 13. [ANNUAL REQUIREMENTS.] The financial requirements set forth in subdivisions 3, 4, 5, and 7, must be met on an annual basis.

Sec. 82. Minnesota Statutes 1998, section 79A.06, subdivision 5, is amended to read:

Subd. 5. [PRIVATE EMPLOYERS WHO HAVE CEASED TO BE SELF-INSURED.] (a) Private employers who have ceased to be private self-insurers shall discharge their continuing obligations to secure the payment of compensation which is accrued during the period of self-insurance, for purposes of Laws 1988, chapter 674, sections 1 to 21, by compliance with all of the following obligations of current certificate holders:

(1) Filing reports with the commissioner to carry out the requirements of this chapter;

(2) Depositing and maintaining a security deposit for accrued liability for the payment of any compensation which may become due, pursuant to chapter 176. However, if a private employer who has ceased to be a private self-insurer purchases an insurance policy from an insurer authorized to transact workers' compensation insurance in this state which provides coverage of all claims for compensation arising out of injuries occurring during the entire period the employer was self-insured, whether or not reported during that period, the policy will:

(i) discharge the obligation of the employer to maintain a security deposit for the payment of the claims covered under the policy;

(ii) discharge any obligation which the self-insurers' security fund has or may have for payment of all claims for compensation arising out of injuries occurring during the period the employer was self-insured, whether or not reported during that period; and

(iii) discharge the obligations of the employer to pay any future assessments to the self-insurers' security fund.

A private employer who has ceased to be a private self-insurer may instead buy an insurance policy described above, except that it covers only a portion of the period of time during which the private employer was self-insured; purchase of such a policy discharges any obligation that the self-insurers' security fund has or may have for payment of all claims for compensation arising out of injuries occurring during the period for which the policy provides coverage, whether or not reported during that period.

~~The~~ A policy described in this clause may not be issued by an insurer unless it has previously been approved as to form and substance by the commissioner; and

(3) Paying within 30 days all assessments of which notice is sent by the security fund, for a period of seven years from the last day its certificate of self-insurance was in effect. Thereafter, the private employer who has ceased to be a private self-insurer may either: (i) continue to pay within 30 days all assessments of which notice is sent by the security fund until it has no incurred liabilities for the payment of compensation arising out of injuries during the period of self-insurance; or (ii) pay the security fund a cash payment equal to four percent of the net present value of all remaining incurred liabilities for the payment of compensation under sections 176.101 and 176.111 as certified by a member of the casualty actuarial society. Assessments shall be based on the benefits paid by the employer during the calendar year immediately preceding the calendar year in which the employer's right to self-insure is terminated or withdrawn.

(b) With respect to a self-insurer who terminates its self-insurance authority after April 1, 1998, that member shall obtain and file with the commissioner an actuarial opinion of its outstanding liabilities as determined by an associate or fellow of the Casualty Actuarial Society. The opinion must separate liability for indemnity benefits from liability for medical benefits, and must discount each up to four percent per annum to net present value. Within 30 days after notification of approval of the actuarial opinion by the commissioner, the member shall pay to the security fund an amount equal to 120 percent of that discounted outstanding indemnity liability, multiplied by the greater of the average annualized assessment rate since inception of the security fund or the annual rate at the time of the most recent assessment before termination.

(c) A former member who terminated its self-insurance authority before April 1, 1998, who has paid assessments to the self-insurers' security fund for seven years, and whose annualized assessment is \$500 or less, may buy out of its outstanding liabilities to the self-insurers' security fund by an amount calculated as follows: 1.35 multiplied by the indemnity case reserves at the time of the calculation, multiplied by the then current self-insurers' security fund annualized assessment rate.

(d) A former member who terminated its self-insurance authority before April 1, 1998, and who is paying assessments within the first seven years after ceasing to be self-insured under paragraph (a), clause (3), may elect to buy out its outstanding liabilities to the self-insurers' security fund by obtaining and filing with the commissioner an actuarial opinion of its outstanding liabilities as determined by an associate or fellow of the Casualty Actuarial Society. The opinion must separate liability for indemnity benefits from liability from medical benefits, and must discount each up to four percent per annum to net present value. Within 30 days after notification of approval of the actuarial opinion by the commissioner, the member shall pay to the security fund an amount equal to 120 percent of that discounted outstanding indemnity liability, multiplied by the greater of the average annualized assessment rate since inception of the security fund or the annual rate at the time of the most recent assessment.

(e) A former member who has paid the security fund according to paragraphs (b) to (d) and subsequently receives authority from the commissioner to again self-insure shall be assessed under section 79A.12, subdivision 2, only on indemnity benefits paid on injuries that occurred after the former member received authority to self-insure again; provided that the member furnishes verified data regarding those benefits to the security fund.

(f) In addition to proceedings to establish liabilities and penalties otherwise provided, a failure to comply may be the subject of a proceeding before the commissioner. An appeal from the commissioner's determination may be taken pursuant to the contested case procedures of chapter 14 within 30 days of the commissioner's written determination.

Any current or past member of the self-insurers' security fund is subject to service of process on any claim arising out of chapter 176 or this chapter in the manner provided by section 5.25, or as otherwise provided by law. The issuance of a certificate to self-insure to the private self-insured employer shall be deemed to be the agreement that any process which is served in accordance with this section shall be of the same legal force and effect as if served personally within this state.

Sec. 83. Minnesota Statutes 1998, section 79A.06, is amended by adding a subdivision to read:

Subd. 6. [PRIVATE EMPLOYERS WHO ARE SELF-INSURED.] Private employers who are currently self-insurers may also purchase a policy described in subdivision 5, paragraph (a), clause (2), of this section, with the same effect as specified in that clause for the period covered by the policy.

Sec. 84. Minnesota Statutes 1998, section 79A.21, subdivision 2, is amended to read:

Subd. 2. [REQUIRED DOCUMENTS.] All first-year applications must be accompanied by the following:

(a) A detailed business plan including the risk profile of the proposed membership, underwriting guidelines, marketing plan, minimum financial criteria for each member, and financial projections for the first year of operation.

(b) A plan describing the method in which premiums are to be charged to the employer members. The plan shall be accompanied by copies of the member's workers' compensation insurance policies in force at the time of application. In developing the premium for the group, the commercial self-insurance group shall base its premium on the Minnesota workers' compensation insurers association's manual of rules, loss costs, and classifications approved for use in Minnesota by the commissioner. Each member applicant shall, on a form approved by the commissioner, complete estimated payrolls for the first 12-month period that the applicant will be self-insured. Premium volume discounts per the plan will be permitted if they can be shown to be consistent with actuarial standards.

(c) A schedule indicating actual or anticipated operational expenses of the commercial self-insurance group. No authority to self-insure will be granted unless, over the term of the policy year, at least 65 percent of total revenues from all sources for the year are available for the payment of its claim and assessment obligations. For purposes of this calculation, claim and assessment obligations include the cost of allocated loss expenses as well as special compensation fund and commercial self-insurance group security fund assessments but exclude the cost of unallocated loss expenses.

(d) An indemnity agreement from each member who will participate in the commercial self-insurance group, signed by an officer of each member, providing for joint and several liability for all claims and expenses of all of the members of the commercial self-insurance group arising in any fund year in which the member was a participant on a form approved by the commissioner. The indemnity agreement shall provide for assessments according to the group's bylaws on an individual and proportionate basis.

(e) A copy of the commercial self-insurance group bylaws.

(f) Evidence of the security deposit required under section 79A.24, accompanied by the actuarial certification study for the minimum security deposit as required under section 79A.24.

(g) Each initial member of the commercial self-insurance group shall submit to the commercial self-insurance group accountant its most recent annual financial statement. Financial statements for a period ending more than six months prior to the date of the application must be accompanied by an affidavit, signed by a company officer under oath, stating that there has been no material lessening of the net worth nor other adverse changes in its financial condition since the end of the period. Individual group members constituting at least ~~75~~ 50 percent of the group's annual premium shall submit reviewed or audited financial statements. The remaining members ~~may~~ must submit compilation level statements. Statements for a period ending more than 12 months prior to the date of application cannot be accepted.

(h) A compiled combined financial statement of all group members prepared by the commercial self-insurance group's accountant and a list of members included in such statements. An "Agreed Upon Procedures" report, as determined by the commissioner, indicating combined net worth, total assets, cash flow, and net income of the group members may be filed in lieu of the compiled combined financial statement.

(i) A copy of each member's accountant's report letter from the reports used in compiling the combined financial statements.

(j) A list of all members and the percentage of premium each represents to the total group's annual premium for the policy year.

Sec. 85. Minnesota Statutes 1998, section 79A.23, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED REPORTS TO COMMISSIONER.] Each commercial self-insurance group shall submit the following documents to the commissioner.

(a) An annual report shall be submitted by April 1 showing the incurred losses, paid and unpaid, specifying indemnity and medical losses by classification, payroll by classification, and current estimated outstanding liability for workers' compensation on a calendar year basis, in a manner and on forms available from the commissioner. In addition each group will submit a quarterly interim loss report showing incurred losses for all its membership.

(b) Each commercial self-insurance group shall submit within 45 days of the end of each quarter:

(1) a schedule showing all the members who participate in the group, their date of inception, and date of withdrawal, if applicable;

(2) a separate section identifying which members were added or withdrawn during that quarter; and

(3) an internal financial statement and copies of the fiscal agent's statements supporting the balances in the common claims fund.

(c) The commercial self-insurance group shall submit an annual certified financial audit report of the commercial self-insurance group fund by April 1 of the following year. The report must be accompanied by an expense schedule showing the commercial self-insurance group's operational costs for the same year including service company charges, accounting and actuarial fees, fund administration charges, reinsurance premiums, commissions, and any other costs associated with the administration of the group program.

(d) An officer of the commercial self-insurance group shall, under oath, attest to the accuracy of each report submitted under paragraphs (a), (b), and (c). Upon sufficient cause, the commissioner shall require the commercial self-insurance group to submit a certified audit of payroll and claim records conducted by an independent auditor approved by the commissioner, based on generally accepted accounting principles and generally accepted auditing standards, and supported by an actuarial review and opinion of the future contingent liabilities. The basis for sufficient cause shall include the following factors:

- (1) where the losses reported appear significantly different from similar types of groups;
- (2) where major changes in the reports exist from year to year, which are not solely attributable to economic factors; or
- (3) where the commissioner has reason to believe that the losses and payroll in the report do not accurately reflect the losses and payroll of the commercial self-insurance group.

If any discrepancy is found, the commissioner shall require changes in the commercial self-insurance group's business plan or service company recordkeeping practices.

(e) Each commercial self-insurance group shall submit by September 15 a copy of the group's annual federal and state income tax returns or provide proof that it has received an exemption from these filings.

(f) With the annual loss report each commercial self-insurance group shall report to the commissioner any worker's compensation claim where the full, undiscounted value is estimated to exceed \$50,000, in a manner and on forms prescribed by the commissioner.

(g) Each commercial self-insurance group shall submit by May 1 a list of all members and the percentage of premium each represents to the total group's premium for the previous calendar year.

(h) Each commercial self-insurance group shall submit by ~~May 1~~ October 15 the following documents prepared by the group's certified public accountant:

(1) a compiled combined financial statement of group members and a list of members included in this statement; An "Agreed Upon Procedures" report, as determined by the commissioner, indicating combined net worth, total assets, cash flow, and net income of the group members may be filed in lieu of the compiled combined financial statement; and

(2) a report that the statements which were combined have met the requirements of subdivision 2.

(i) If any group member comprises over 25 percent of total group premium, that member's financial statement must be reviewed or audited, and, at the commissioner's option, must be filed with the department of commerce by May 1 of the following year.

(j) Each commercial self-insurance group shall submit a copy of each member's accountant's report letter from the reports used in compiling the combined financial statements.

Sec. 86. Minnesota Statutes 1998, section 79A.23, subdivision 2, is amended to read:

Subd. 2. [REQUIRED REPORTS FROM MEMBERS TO GROUP.] Each member of the commercial self-insurance group shall, by ~~April 1~~ September 15, submit to the group its most recent annual financial statement, together with other financial information the group may require. These financial statements submitted must not have

a fiscal year end date older than January 15 of the group's calendar year end. Individual group members constituting at least 50 percent of the group's annual premium shall submit to the group reviewed or audited financial statements. The remaining members ~~may~~ must submit compilation level statements.

Sec. 87. Minnesota Statutes 1998, section 256B.0644, is amended to read:

256B.0644 [PARTICIPATION REQUIRED FOR REIMBURSEMENT UNDER OTHER STATE HEALTH CARE PROGRAMS.]

A vendor of medical care, as defined in section 256B.02, subdivision 7, and a health maintenance organization, as defined in chapter 62D, must participate as a provider or contractor in the medical assistance program, general assistance medical care program, and MinnesotaCare as a condition of participating as a provider in health insurance plans and programs or contractor for state employees established under section 43A.18, the public employees insurance program under section 43A.316, for health insurance plans offered to local statutory or home rule charter city, county, and school district employees, the workers' compensation system under section 176.135, and insurance plans provided through the Minnesota comprehensive health association under sections 62E.01 to ~~62E.16~~ 62E.19. The limitations on insurance plans offered to local government employees shall not be applicable in geographic areas where provider participation is limited by managed care contracts with the department of human services. For providers other than health maintenance organizations, participation in the medical assistance program means that (1) the provider accepts new medical assistance, general assistance medical care, and MinnesotaCare patients, (2) for providers other than dental services providers, at least 20 percent of the provider's patients are covered by medical assistance, general assistance medical care, and MinnesotaCare as their primary source of coverage, or (3) for dental services providers, at least ten percent of the provider's patients are covered by medical assistance, general assistance medical care, and MinnesotaCare as their primary source of coverage. The commissioner shall establish participation requirements for health maintenance organizations. The commissioner shall provide lists of participating medical assistance providers on a quarterly basis to the commissioner of employee relations, the commissioner of labor and industry, and the commissioner of commerce. Each of the commissioners shall develop and implement procedures to exclude as participating providers in the program or programs under their jurisdiction those providers who do not participate in the medical assistance program. The commissioner of employee relations shall implement this section through contracts with participating health and dental carriers.

Sec. 88. [REPEALER.]

(a) Minnesota Statutes 1998, sections 60A.11, subdivision 24a; 60B.36; 60K.08; 65A.29, subdivision 12; and 79A.04, subdivision 8, are repealed.

(b) Minnesota Statutes 1998, section 60B.44, subdivisions 3 and 5, are repealed.

(c) Minnesota Rules, part 2780.0500, item C, is repealed.

Sec. 89. [EFFECTIVE DATES.]

(a) Sections 1, 3, 5 to 8, 20, 22 to 28, 31, 34, 35, 38, 39, 44 to 51, 54 to 56, 58 to 60, 66, 67, 69 to 87, and 88, paragraph (b), are effective the day following final enactment.

(b) Sections 13 to 15 are effective the day following final enactment and apply to plans of merger approved on or after that date by the board of directors of the first of the constituent corporations to grant such approval. Merging or consolidating insurance corporations may, however, elect to have the changes made by sections 13 to 15 not apply to a merger or consolidation arising out of a joint agreement entered into prior to January 1, 2000.

(c) Section 32 is effective July 1, 2000.

(d) Section 33 is effective December 1, 1999, and applies to all license renewals on or after that date.

(e) Section 30 is effective as follows:

(1) The amendment to Minnesota Statutes, section 60K.03, subdivision 2, paragraph (d), is effective January 1, 2000.

(2) The amendment to Minnesota Statutes, section 60K.03, subdivision 2, paragraph (e), is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to insurance; regulating insurers, agents, and coverages; modifying reporting requirements; regulating the rehabilitation and liquidation of insurers; modifying certain notice and disclosure provisions; modifying certain definitions; making technical changes; amending Minnesota Statutes 1998, sections 60A.02, subdivision 1a, and by adding a subdivision; 60A.052, subdivision 2, and by adding a subdivision; 60A.06, subdivisions 1 and 2; 60A.075, by adding a subdivision; 60A.092, subdivisions 6 and 11; 60A.10, subdivision 1; 60A.111, subdivision 1; 60A.13, subdivision 1; 60A.16, subdivisions 2, 3, and 4; 60A.19, subdivision 1; 60A.32; 60B.21, subdivision 2; 60B.25; 60B.26, subdivision 1; 60B.39, subdivision 2; 60B.44, subdivisions 4, 6, and by adding subdivisions; 60D.20, subdivision 2; 60K.02, subdivision 1; 60K.03, subdivisions 2 and 3; 60K.19, subdivisions 7 and 8; 61A.276, subdivision 2; 61A.60, subdivision 1; 61B.19, subdivision 3; 62A.04, subdivision 3; 62A.135, subdivision 5; 62A.50, subdivision 3; 62A.61; 62A.65, subdivision 5; 62B.04, subdivision 2; 62D.12, subdivision 2; 62E.02, subdivision 1; 62E.05, subdivision 1; 62E.09; 62E.13, subdivisions 6 and 8; 62E.14, subdivision 2; 62E.15, subdivision 2; 62I.07, subdivision 1; 62L.02, subdivision 24; 62L.03, subdivision 5; 62L.05, subdivision 5; 62L.14, subdivision 7; 62Q.105, subdivision 1; 62Q.185; 62Q.30; 62S.01, subdivision 14; 62S.05, subdivision 2; 65A.01, subdivisions 1, 3, and by adding a subdivision; 65A.27, subdivision 4; 65A.29, subdivision 4; 65B.02, subdivision 2; 65B.44, subdivision 1; 65B.48, subdivision 5; 72A.125, subdivision 3; 72A.20, subdivision 29; 72B.04, subdivision 10; 79A.01, subdivision 10, and by adding a subdivision; 79A.02, subdivisions 1, 3, and 4; 79A.03, subdivisions 6, 7, 9, 10, and by adding a subdivision; 79A.06, subdivision 5, and by adding a subdivision; 79A.21, subdivision 2; 79A.23, subdivisions 1 and 2; and 256B.0644; proposing coding for new law in Minnesota Statutes, chapter 60B; repealing Minnesota Statutes 1998, sections 60A.11, subdivision 24a; 60B.36; 60B.44, subdivisions 3 and 5; 60K.08; 65A.29, subdivision 12; 62Q.30; and 79A.04, subdivision 8; Minnesota Rules, part 2780.0500, item C."

We request adoption of this report and repassage of the bill.

House Conferees: GREGORY M. DAVIDS, LOREN JENNINGS AND ERIK PAULSEN.

Senate Conferees: DEANNA L. WIENER, SAM G. SOLON AND EDWARD C. OLIVER.

Davidson moved that the report of the Conference Committee on H. F. No. 837 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 837, A bill for an act relating to insurance; regulating insurers, agents, and coverages; modifying reporting requirements; regulating the rehabilitation and liquidation of insurers; modifying certain notice and disclosure provisions; modifying certain definitions; making technical changes; amending Minnesota Statutes 1998, sections 60A.02, subdivision 1a, and by adding a subdivision; 60A.052, subdivision 2, and by adding a subdivision; 60A.06, subdivisions 1 and 2; 60A.075, by adding a subdivision; 60A.092, subdivisions 6 and 11; 60A.10, subdivision 1; 60A.111, subdivision 1; 60A.13, subdivision 1; 60A.16, subdivisions 2, 3, and 4; 60A.19, subdivision 1; 60A.32; 60B.21, subdivision 2; 60B.25; 60B.26, subdivision 1; 60B.39, subdivision 2; 60B.44, subdivisions 4, 6, and by adding subdivisions; 60D.20, subdivision 2; 60K.02, subdivision 1; 60K.03, subdivisions 2 and 3; 60K.19, subdivision 8; 61A.276, subdivision 2; 61A.60, subdivision 1; 61B.19, subdivision 3; 62A.04, subdivision 3; 62A.135, subdivision 5; 62A.50, subdivision 3; 62A.61; 62A.65, subdivision 5; 62B.04, subdivision 2; 62D.12, subdivision 2; 62E.02, subdivision 1; 62E.05, subdivision 1; 62E.09; 62E.13, subdivisions 6 and 8; 62E.14,

subdivision 2; 62E.15, subdivision 2; 62I.07, subdivision 1; 62L.02, subdivision 24; 62L.03, subdivision 5; 62L.05, subdivision 5; 62L.14, subdivision 7; 62Q.185; 62S.01, subdivision 14; 62S.05, subdivision 2; 65A.01, subdivision 1; 65A.27, subdivision 4; 65A.29, subdivision 4; 65B.02, subdivision 2; 65B.44, subdivision 1; 65B.48, subdivision 5; 72A.125, subdivision 3; 72A.20, subdivision 29; 72B.04, subdivision 10; 79A.01, subdivision 10, and by adding a subdivision; 79A.02, subdivisions 1 and 4; 79A.03, subdivisions 6, 7, 9, 10, and by adding a subdivision; 79A.21, subdivision 2; 79A.23, subdivisions 1 and 2; and 256B.0644; proposing coding for new law in Minnesota Statutes, chapter 60B; repealing Minnesota Statutes 1998, sections 60A.11, subdivision 24a; 60B.36; 60B.44, subdivisions 3 and 5; 60K.08; 65A.29, subdivision 12; and 79A.04, subdivision 8; Minnesota Rules, part 2780.0500, item C.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holberg	Lieder	Paulsen	Sykora
Abrams	Dorn	Holsten	Lindner	Pawlenty	Tingelstad
Anderson, B.	Entenza	Howes	Luther	Paymar	Tomassoni
Anderson, I.	Erhardt	Huntley	Mahoney	Pelowski	Trimble
Bakk	Erickson	Jaros	Mares	Peterson	Tuma
Biernat	Finseth	Jennings	Mariani	Pugh	Tunheim
Bishop	Folliard	Johnson	Marko	Rest	Van Dellen
Boudreau	Fuller	Juhnke	McElroy	Reuter	Vandever
Bradley	Gerlach	Kahn	McGuire	Rifenberg	Wagenius
Broecker	Gleason	Kalis	Milbert	Rostberg	Wejman
Buesgens	Goodno	Kelliher	Mulder	Rukavina	Wenzel
Carlson	Gray	Kielkucki	Mullery	Schumacher	Westerberg
Carruthers	Greenfield	Knoblach	Murphy	Seagren	Westfall
Cassell	Greiling	Koskinen	Ness	Seifert, J.	Westrom
Chaudhary	Gunther	Krinkie	Nornes	Seifert, M.	Wilkin
Clark, J.	Haake	Kubly	Olson	Skoe	Winter
Clark, K.	Haas	Kuisle	Opatz	Skoglund	Wolf
Daggett	Hackbarth	Larsen, P.	Orfield	Smith	Workman
Davids	Harder	Larson, D.	Osskopp	Solberg	Spk. Sviggum
Dawkins	Hasskamp	Leighton	Osthoff	Stang	
Dehler	Hausman	Lenczewski	Otremba	Storm	
Dempsey	Hilty	Leppik	Ozment	Swenson	

The bill was repassed, as amended by Conference, and its title agreed to.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Pawlenty from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bills to be placed on the Calendar for the Day, immediately preceding the remaining bills on the Calendar for the Day, for Monday, May 3, 1999:

S. F. Nos. 184 and 1357; H. F. No. 718; S. F. Nos. 1615, 411, 1115, 1746 and 376; H. F. Nos. 1607 and 1778; S. F. No. 1268; H. F. No. 1326; S. F. No. 1585; H. F. Nos. 2027, 649, 935, 1825 and 928; S. F. No. 1645; H. F. Nos. 1291 and 1026; S. F. Nos. 1539 and 1821; H. F. No. 180; S. F. Nos. 1219 and 148; H. F. Nos. 1621 and 553; and S. F. No. 690.

CALENDAR FOR THE DAY

S. F. No. 184, A bill for an act relating to juvenile justice; recodifying, clarifying, and relocating provisions relating to juvenile delinquency and child protection; providing separate areas of law dealing with child protection and delinquency; amending Minnesota Statutes 1998, section 260.011, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 260; proposing coding for new law as Minnesota Statutes, chapters 260B; and 260C; repealing Minnesota Statutes 1998, sections 257.069; 257.071; 257.0711; 257.072; 257.35; 257.351; 257.352; 257.353; 257.354; 257.355; 257.356; 257.3571; 257.3572; 257.3573; 257.3574; 257.3575; 257.3576; 257.3577; 257.3578; 257.3579; 257.40; 257.41; 257.42; 257.43; 257.44; 257.45; 257.46; 257.47; 257.48; 260.011, subdivision 2; 260.013; 260.015; 260.092; 260.094; 260.096; 260.101; 260.111; 260.115; 260.121; 260.125; 260.126; 260.131; 260.132; 260.133; 260.135; 260.141; 260.145; 260.151; 260.155; 260.157; 260.161; 260.162; 260.165; 260.171; 260.172; 260.173; 260.1735; 260.174; 260.181; 260.185; 260.191; 260.192; 260.193; 260.195; 260.211; 260.215; 260.221; 260.241; 260.242; 260.245; 260.251; 260.255; 260.261; 260.271; 260.281; 260.291; 260.301; 260.315; 260.35; 260.36; 260.39; and 260.40.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holberg	Lieder	Paulsen	Sykora
Abrams	Dorn	Holsten	Lindner	Pawlenty	Tingelstad
Anderson, B.	Entenza	Howes	Luther	Paymar	Tomassoni
Anderson, I.	Erhardt	Huntley	Mahoney	Pelowski	Trimble
Bakk	Erickson	Jaros	Mares	Peterson	Tuma
Biernat	Finseth	Jennings	Mariani	Pugh	Tunheim
Bishop	Folliard	Johnson	Marko	Rest	Van Dellen
Boudreau	Fuller	Juhnke	McElroy	Reuter	Vanderveer
Bradley	Gerlach	Kahn	McGuire	Rifenberg	Wagenius
Broecker	Gleason	Kalis	Milbert	Rostberg	Wejcman
Buesgens	Goodno	Kelliher	Mulder	Rukavina	Wenzel
Carlson	Gray	Kielkucki	Mullery	Schumacher	Westerberg
Carruthers	Greenfield	Knoblach	Murphy	Seagren	Westfall
Cassell	Greiling	Koskinen	Ness	Seifert, J.	Westrom
Chaudhary	Gunther	Krinkie	Nornes	Seifert, M.	Wilkin
Clark, J.	Haake	Kubly	Olson	Skoe	Winter
Clark, K.	Haas	Kuisle	Opatz	Skoglund	Wolf
Daggett	Hackbarth	Larsen, P.	Orfield	Smith	Workman
Davids	Harder	Larson, D.	Osskopp	Solberg	Spk. Sviggum
Dawkins	Hasskamp	Leighton	Osthoff	Stang	
Dehler	Hausman	Lenczewski	Otremba	Storm	
Dempsey	Hilty	Leppik	Ozment	Swenson	

The bill was passed and its title agreed to.

S. F. No. 1357, A bill for an act relating to utilities; modifying conservation improvement provisions; amending Minnesota Statutes 1998, sections 216B.16, subdivision 6b; and 216B.241, subdivisions 1, 1a, 1b, 2, 2a, and 2b.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holberg	Lindner	Pawlenty	Tingelstad
Abrams	Dorn	Holsten	Luther	Paymar	Tomassoni
Anderson, B.	Entenza	Howes	Mahoney	Pelowski	Trimble
Anderson, I.	Erhardt	Huntley	Mares	Peterson	Tuma
Bakk	Erickson	Jaros	Mariani	Pugh	Tunheim
Biernat	Finseth	Jennings	Marko	Rest	Van Dellen
Bishop	Folliard	Johnson	McElroy	Reuter	Vandever
Boudreau	Fuller	Juhnke	McGuire	Rifenberg	Wagenius
Bradley	Gerlach	Kahn	Milbert	Rostberg	Wejcmán
Broecker	Gleason	Kalis	Mulder	Rukavina	Wenzel
Buesgens	Goodno	Kelliher	Mullery	Schumacher	Westerberg
Carlson	Gray	Kielkucki	Murphy	Seagren	Westfall
Carruthers	Greenfield	Knoblach	Ness	Seifert, J.	Westrom
Cassell	Greiling	Koskinen	Nornes	Seifert, M.	Wilkin
Chaudhary	Gunther	Krinkie	Olson	Skoe	Winter
Clark, J.	Haake	Kubly	Opatz	Skoglund	Wolf
Clark, K.	Haas	Kuisle	Orfield	Smith	Workman
Daggett	Hackbarth	Larsen, P.	Osskopp	Solberg	Spk. Sviggum
Davids	Harder	Larson, D.	Osthoff	Stang	
Dawkins	Hasskamp	Lenczewski	Otremba	Storm	
Dehler	Hausman	Leppik	Ozment	Swenson	
Dempsey	Hilty	Lieder	Paulsen	Sykora	

The bill was passed and its title agreed to.

H. F. No. 718 was reported to the House.

Ozment moved to amend H. F. No. 718, the first engrossment, as follows:

Page 3, line 21, after the period, insert "The practice of advanced practice registered nursing also includes accepting referrals from, consulting with, cooperating with, or referring to all other types of health care providers, including but not limited to physicians, chiropractors, podiatrists, and dentists, provided that the advanced practice registered nurse and the other provider are practicing within their scopes of practice as defined in state law."

Page 4, line 2, delete "jointly"

Page 4, line 21, delete "the" and insert "a system that provides for consultation, collaborative management, and referral as indicated by the health status of patients."

Page 4, delete line 22

The motion prevailed and the amendment was adopted.

H. F. No. 718, A bill for an act relating to professions; regulating advanced practice registered nursing; amending Minnesota Statutes 1998, sections 62A.15, subdivision 3a; 148.171; 148.191, subdivision 2; 148.235; 148.261, subdivisions 1 and 5; 148.262, subdivision 1; 148.263, subdivisions 3 and 4; 148.271; 148.281, subdivision 1; 148.283; 245.462, subdivision 18; and 245.4871, subdivision 27; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Rules, chapter 6340.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Holberg	Lieder	Pawlenty	Sykora
Abrams	Dorman	Holsten	Lindner	Paymar	Tingelstad
Anderson, B.	Dorn	Howes	Luther	Pelowski	Tomassoni
Anderson, I.	Entenza	Huntley	Mahoney	Peterson	Trimble
Bakk	Erhardt	Jaros	Mares	Pugh	Tuma
Biernat	Erickson	Jennings	Mariani	Rest	Tunheim
Bishop	Finseth	Johnson	Marko	Reuter	Van Dellen
Boudreau	Folliard	Juhnke	McElroy	Rifenberg	Vandever
Bradley	Fuller	Kahn	McGuire	Rostberg	Wagenius
Broecker	Gerlach	Kalis	Milbert	Rukavina	Wejzman
Buesgens	Gleason	Kelliher	Mullery	Schumacher	Wenzel
Carlson	Goodno	Kielkucki	Murphy	Seagren	Westerberg
Carruthers	Greenfield	Knoblach	Ness	Seifert, J.	Westfall
Cassell	Greiling	Koskinen	Nornes	Seifert, M.	Westrom
Chaudhary	Gunther	Kubly	Olson	Skoe	Wilkin
Clark, J.	Haake	Kuisle	Opatz	Skoglund	Winter
Clark, K.	Hackbarth	Larsen, P.	Orfield	Smith	Wolf
Daggett	Harder	Larson, D.	Osskopp	Solberg	Workman
Davids	Hasskamp	Leighton	Osthoff	Stang	Spk. Sviggum
Dawkins	Hausman	Lenczewski	Otremba	Storm	
Dehler	Hilty	Leppik	Ozment	Swenson	

Those who voted in the negative were:

Haas	Krinkie	Mulder	Paulsen
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The bill was passed, as amended, and its title agreed to.

Marko was excused for the remainder of today's session.

Pawlenty moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2067:

Westerberg, Stanek and Mahoney.

FISCAL CALENDAR

Pursuant to rule 1.22, Bishop requested immediate consideration of H. F. No. 2205.

H. F. No. 2205 was reported to the House.

Osthoff moved to amend H. F. No. 2205, the second engrossment, as follows:

Page 3, line 42, delete "Park" and insert "Port" and delete "authority" and insert "Authority"

The motion prevailed and the amendment was adopted.

Luther, Haas and Carruthers moved to amend H. F. No. 2205, the second engrossment, as amended, as follows:

Page 4, lines 49 and 50, delete "a loan at four percent annual interest" and insert "an interest-free loan"

A roll call was requested and properly seconded.

The question was taken on the Luther et al amendment and the roll was called. There were 65 yeas and 64 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Gleason	Jennings	Lieder	Osthoff	Skoglund
Bakk	Gray	Johnson	Luther	Otremba	Solberg
Biernat	Greenfield	Juhnke	Mahoney	Paymar	Tingelstad
Carlson	Greiling	Kahn	Mariani	Pelowski	Tomassoni
Carruthers	Gunther	Kalis	McGuire	Peterson	Tunheim
Chaudhary	Haas	Kelliher	Milbert	Pugh	Wagenius
Clark, K.	Hasskamp	Koskinen	Mullery	Rest	Wejzman
Dawkins	Hausman	Kubly	Munger	Rostberg	Wenzel
Dorn	Hilty	Larson, D.	Murphy	Rukavina	Westerberg
Entenza	Huntley	Leighton	Opatz	Schumacher	Winter
Folliard	Jaros	Lenczewski	Orfield	Skoe	

Those who voted in the negative were:

Abeler	Boudreau	Cassell	Dehler	Erickson	Goodno
Abrams	Bradley	Clark, J.	Dempsey	Finseth	Haake
Anderson, B.	Broecker	Daggett	Dorman	Fuller	Hackbarth
Bishop	Buesgens	Davids	Erhardt	Gerlach	Harder

Holberg	Larsen, P.	Nornes	Rifenberg	Storm	Westrom
Holsten	Leppik	Olson	Seagren	Swenson	Wilkin
Howes	Lindner	Osskopp	Seifert, J.	Sykora	Wolf
Kielkucki	Mares	Ozment	Seifert, M.	Tuma	Workman
Knoblach	McElroy	Paulsen	Smith	Van Dellen	Spk. Sviggum
Krinkie	Mulder	Pawlenty	Stanek	Vandevier	
Kuisle	Ness	Reuter	Stang	Westfall	

The motion prevailed and the amendment was adopted.

Kubly, Westfall, Lieder and Peterson moved to amend H. F. No. 2205, the second engrossment, as amended, as follows:

Page 3, delete section 3 and insert:

"Sec. 3. NATURAL RESOURCES

Flood Hazard Mitigation Grants

24,123,000

This appropriation is to the commissioner of natural resources for the local share of flood hazard mitigation grants to local government units for publicly owned capital improvements to prevent or alleviate flood damages under Minnesota Statutes, section 103F.161. These grants do not require local matches. The local governments include the cities of Ada, Breckenridge, Crookston, Dawson, East Grand Forks, Granite Falls, Montevideo, and Warren, and the town of Oakport."

Adjust amounts accordingly

Renumber or reletter in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Kubly et al amendment and the roll was called. There were 64 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Folliard	Jennings	Luther	Otremba	Solberg
Bakk	Gleason	Johnson	Mahoney	Paymar	Tomassoni
Biernat	Goodno	Juhnke	Mariani	Pelowski	Trimble
Carlson	Gray	Kahn	McGuire	Peterson	Tunheim
Carruthers	Greenfield	Kelliher	Milbert	Pugh	Wagenius
Chaudhary	Greiling	Koskinen	Mullery	Rest	Wejcman
Clark, K.	Hasskamp	Kubly	Munger	Rukavina	Wenzel
Dawkins	Hausman	Larson, D.	Murphy	Schumacher	Westfall
Dorn	Hilty	Leighton	Opatz	Seifert, M.	Winter
Entenza	Huntley	Lenczewski	Orfield	Skoe	
Finseth	Jaros	Lieder	Osthoff	Skoglund	

Those who voted in the negative were:

Abeler	Davids	Hackbarth	Leppik	Pawlenty	Sykora
Abrams	Dehler	Harder	Lindner	Reuter	Tingelstad
Anderson, B.	Dempsey	Holberg	Mares	Rifenberg	Tuma
Bishop	Dorman	Holsten	McElroy	Rostberg	Van Dellen
Boudreau	Erhardt	Howes	Mulder	Seagren	Vandever
Bradley	Erickson	Kalis	Ness	Seifert, J.	Westerberg
Broecker	Fuller	Kielkucki	Nornes	Smith	Westrom
Buesgens	Gerlach	Knoblach	Olson	Stanek	Wilkin
Cassell	Gunther	Krinkie	Osskopp	Stang	Wolf
Clark, J.	Haake	Kuisle	Ozment	Storm	Workman
Daggett	Haas	Larsen, P.	Paulsen	Swenson	Spk. Sviggum

The motion did not prevail and the amendment was not adopted.

Lieder moved to amend H. F. No. 2205, the second engrossment, as amended, as follows:

Page 4, delete section 8 and insert:

"Sec. 8. TRANSPORTATION

Subdivision 1. To the commissioner of transportation for the purposes specified in this section	10,440,000
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Subd. 2. Local Bridge Replacement and Rehabilitation	10,000,000
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This appropriation is from the state transportation fund as provided in Minnesota Statutes, section 174.50, to match federal funds and to replace or rehabilitate local deficient bridges.

Political subdivisions may use grants made under this section to construct or reconstruct bridges, including:

- (1) matching federal aid grants to construct or reconstruct key bridges;
- (2) paying the costs of preliminary engineering and environmental studies authorized under Minnesota Statutes, section 174.50, subdivision 6a;
- (3) paying the costs to abandon an existing bridge that is deficient and in need of replacement, but where no replacement will be made; and
- (4) paying the costs to construct a road or street to facilitate the abandonment of an existing bridge determined by the commissioner to be deficient, if the commissioner determines that construction of the road or street is more cost efficient than the replacement of the existing bridge."

Adjust amounts accordingly

Renumber or reletter in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Lieder amendment and the roll was called. There were 61 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Gleason	Juhnke	Mahoney	Paymar	Trimble
Bakk	Gray	Kahn	Mariani	Pelowski	Tunheim
Biernat	Greenfield	Kalis	McGuire	Peterson	Wagenius
Carlson	Greiling	Kelliher	Milbert	Pugh	Wejcman
Carruthers	Hasskamp	Koskinen	Mullery	Rest	Wenzel
Chaudhary	Hausman	Kubly	Munger	Rukavina	Winter
Clark, K.	Hilty	Larson, D.	Murphy	Schumacher	
Dawkins	Huntley	Leighton	Opatz	Skoe	
Dorn	Jaros	Lenczewski	Orfield	Skoglund	
Entenza	Jennings	Lieder	Osthoff	Solberg	
Folliard	Johnson	Luther	Otremba	Tomassoni	

Those who voted in the negative were:

Abeler	Dehler	Hackbarth	Mares	Rostberg	Van Dellen
Abrams	Dempsey	Harder	McElroy	Seagren	Vandever
Anderson, B.	Dorman	Holberg	Mulder	Seifert, J.	Westerberg
Bishop	Erhardt	Holsten	Ness	Seifert, M.	Westfall
Boudreau	Erickson	Howes	Nornes	Smith	Westrom
Bradley	Finseth	Kielkucki	Olson	Stanek	Wilkin
Broecker	Fuller	Knoblach	Osskopp	Stang	Wolf
Buesgens	Gerlach	Krinkie	Ozment	Storm	Workman
Cassell	Goodno	Kuise	Paulsen	Swenson	Spk. Sviggum
Clark, J.	Gunther	Larsen, P.	Pawlenty	Sykora	
Daggett	Haake	Leppik	Reuter	Tingelstad	
Davids	Haas	Lindner	Rifenberg	Tuma	

The motion did not prevail and the amendment was not adopted.

Chaudhary offered an amendment to H. F. No. 2205, the second engrossment, as amended.

POINT OF ORDER

Knoblach raised a point of order pursuant to rule 4.03 relating to Ways and Means Committee; Budget Resolution; Effect on Expenditure and Revenue Bills that the Chaudhary amendment was not in order. The Speaker ruled the point of order well taken and the Chaudhary amendment out of order.

Lieder moved to amend H. F. No. 2205, the second engrossment, as amended, as follows:

Page 3, after line 19, insert:

"Subd. 4. Crookston 1,800,000

For dike construction for the flood mitigation damage reduction program for the city of Crookston. This grant does not require a local match."

Adjust amounts accordingly

Renumber or reletter in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Lieder amendment and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

- | | | | | | |
|--------------|------------|------------|---------|-------------|--------------|
| Abeler | Dorman | Holberg | Lieder | Paulsen | Sykora |
| Abrams | Dorn | Holsten | Lindner | Pawlenty | Tingelstad |
| Anderson, B. | Entenza | Howes | Luther | Paymar | Tomassoni |
| Anderson, I. | Erhardt | Huntley | Mahoney | Pelowski | Trimble |
| Bakk | Erickson | Jaros | Mares | Peterson | Tuma |
| Biernat | Finseth | Jennings | Mariani | Rest | Tunheim |
| Bishop | Folliard | Johnson | McElroy | Reuter | Van Dellen |
| Boudreau | Fuller | Juhnke | McGuire | Rifenberg | Vandever |
| Bradley | Gerlach | Kahn | Milbert | Rostberg | Wagenius |
| Broecker | Gleason | Kalis | Mulder | Rukavina | Wejcmán |
| Buesgens | Goodno | Kelliher | Mullery | Schumacher | Wenzel |
| Carlson | Gray | Kielkucki | Munger | Seagren | Westerberg |
| Carruthers | Greenfield | Knoblach | Murphy | Seifert, J. | Westfall |
| Cassell | Greiling | Koskinen | Ness | Seifert, M. | Westrom |
| Chaudhary | Gunther | Krinkie | Nornes | Skoe | Wilkin |
| Clark, J. | Haake | Kubly | Olson | Skoglund | Wolf |
| Clark, K. | Haas | Kuisle | Opatz | Smith | Workman |
| Daggett | Hackbarth | Larsen, P. | Orfield | Solberg | Spk. Sviggum |
| Davids | Harder | Larson, D. | Osskopp | Stanek | |
| Dawkins | Hasskamp | Leighton | Osthoff | Stang | |
| Dehler | Hausman | Lenczewski | Otremba | Storm | |
| Dempsey | Hilty | Leppik | Ozment | Swenson | |

The motion prevailed and the amendment was adopted.

Chaudhary moved to amend H. F. No. 2205, the second engrossment, as amended, as follows:

Page 4, after line 60, insert:

"Subd. 9. Light Rail and Commuter Rail 20,100,000

For a major investment study, engineering, and implementation in the Northstar corridor linking downtown Minneapolis to the St. Cloud area and for construction of light rail transit in the Hiawatha Avenue corridor from downtown Minneapolis through Minneapolis-St. Paul International Airport and the site of the former Met Center or surrounding area with a terminus in southern Hennepin or northern Dakota county."

Reformat the section into subdivisions

Adjust amounts accordingly

Renumber or reletter in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Chaudhary amendment and the roll was called. There were 58 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Abeler	Entenza	Jaros	Lieder	Otremba	Solberg
Anderson, I.	Folliard	Jennings	Luther	Paymar	Tomassoni
Bakk	Gleason	Johnson	Mahoney	Pelowski	Trimble
Biernat	Gray	Juhnke	Mariani	Peterson	Tunheim
Carlson	Greenfield	Kahn	McGuire	Pugh	Wagenius
Carruthers	Greiling	Kalis	Mullery	Rest	Wejcman
Chaudhary	Hasskamp	Kelliher	Munger	Rukavina	Wenzel
Clark, K.	Hausman	Koskinen	Murphy	Schumacher	Winter
Dawkins	Hilty	Kubly	Opatz	Skoe	
Dorn	Huntley	Leighton	Orfield	Skoglund	

Those who voted in the negative were:

Abrams	Dorman	Holsten	Milbert	Rostberg	Vandever
Anderson, B.	Erhardt	Howes	Molnau	Seagren	Westerberg
Bishop	Erickson	Kielkucki	Mulder	Seifert, J.	Westfall
Boudreau	Finseth	Knoblach	Ness	Seifert, M.	Westrom
Bradley	Fuller	Krinkie	Nornes	Smith	Wilkin
Broecker	Gerlach	Kuisle	Olson	Stanek	Wolf
Buesgens	Goodno	Larsen, P.	Osskopp	Stang	Workman
Cassell	Gunther	Larson, D.	Osthoff	Storm	Spk. Sviggum
Clark, J.	Haake	Lenczewski	Ozment	Swenson	
Daggett	Haas	Leppik	Paulsen	Sykora	
Davids	Hackbarth	Lindner	Pawlenty	Tingelstad	
Dehler	Harder	Mares	Reuter	Tuma	
Dempsey	Holberg	McElroy	Rifenberg	Van Dellen	

The motion did not prevail and the amendment was not adopted.

Kahn and Anderson, I., moved to amend H. F. No. 2205, the second engrossment, as amended, as follows:

Page 4, delete subdivision 4 and insert:

"Subd. 4. World War II Veterans Memorial 250,000

For design, architectural drawings, and the start of construction for a World War II veterans memorial. The design is subject to approval by the capitol area architectural and planning board. The commissioner of veterans affairs shall convene an advisory group, including members of veterans organizations to review and make recommendations about the design of the memorial. The appropriation must be matched by an equal amount from nonstate sources."

Adjust amounts accordingly

Renumber or reletter in sequence and correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Kahn and Anderson, I., amendment and the roll was called. There were 128 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	Mahoney	Paymar	Tingelstad
Abrams	Dorn	Howes	Mares	Pelowski	Tomassoni
Anderson, B.	Entenza	Huntley	Mariani	Peterson	Trimble
Anderson, I.	Erhardt	Jaros	McElroy	Pugh	Tuma
Bakk	Erickson	Jennings	McGuire	Rest	Tunheim
Biernat	Finseth	Johnson	Milbert	Reuter	Van Dellen
Bishop	Folliard	Juhnke	Molnau	Rifenberg	Vandever
Boudreau	Fuller	Kahn	Mulder	Rostberg	Wagenius
Bradley	Gerlach	Kalis	Mullery	Rukavina	Wejcman
Broecker	Gleason	Kelliher	Munger	Schumacher	Wenzel
Buesgens	Goodno	Kielkucki	Murphy	Seagren	Westerberg
Carlson	Gray	Knoblach	Ness	Seifert, J.	Westfall
Carruthers	Greenfield	Koskinen	Nornes	Seifert, M.	Westrom
Cassell	Greiling	Kubly	Olson	Skoe	Wilkin
Chaudhary	Gunther	Kuisle	Opatz	Skoglund	Winter
Clark, J.	Haake	Larsen, P.	Orfield	Smith	Wolf
Clark, K.	Haas	Larson, D.	Osskopp	Solberg	Workman
Daggett	Hackbarth	Leighton	Osthoff	Stanek	Spk. Sviggum
Davids	Harder	Lenczewski	Otremba	Stang	
Dawkins	Hasskamp	Lieder	Ozment	Storm	
Dehler	Hausman	Lindner	Paulsen	Swenson	
Dempsey	Hilty	Luther	Pawlenty	Sykora	

Those who voted in the negative were:

Holberg Krinkie Leppik

The motion prevailed and the amendment was adopted.

CALL OF THE HOUSE

On the motion of Pawlenty and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abeler	Dorn	Holsten	Lieder	Paulsen	Swenson
Abrams	Entenza	Howes	Lindner	Pawlenty	Sykora
Anderson, B.	Erhardt	Huntley	Luther	Paymar	Tingelstad
Anderson, I.	Erickson	Jaros	Mahoney	Pelowski	Tomassoni
Biernat	Finseth	Jennings	Mariani	Peterson	Trimble
Bishop	Fuller	Johnson	McElroy	Pugh	Tuma
Boudreau	Gerlach	Juhnke	McGuire	Rest	Tunheim
Bradley	Gleason	Kahn	Milbert	Reuter	Van Dellen
Broecker	Goodno	Kalis	Molnau	Rifenberg	Vandever
Buesgens	Gray	Kelliher	Mulder	Rukavina	Wagenius
Carlson	Greenfield	Kielkucki	Munger	Schumacher	Wejzman
Carruthers	Greiling	Knoblach	Murphy	Seagren	Wenzel
Chaudhary	Gunther	Koskinen	Ness	Seifert, J.	Westerberg
Clark, J.	Haake	Krinkie	Nornes	Seifert, M.	Westfall
Clark, K.	Haas	Kubly	Olson	Skoe	Westrom
Daggett	Hackbarth	Kuisele	Opatz	Skoglund	Wilkin
Davids	Harder	Larsen, P.	Orfield	Smith	Winter
Dawkins	Hasskamp	Larson, D.	Osskopp	Solberg	Wolf
Dehler	Hausman	Leighton	Osthoff	Stanek	Workman
Dempsey	Hilty	Lenczewski	Otremba	Stang	Spk. Sviggum
Dorman	Holberg	Leppik	Ozment	Storm	

Pawlenty moved that further proceedings of the roll call be suspended and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

H. F. No. 2205, A bill for an act relating to public administration; authorizing spending for public purposes; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature; authorizing certain improvements and transfers between accounts; providing a procedure for political subdivisions' request for capital assistance; making technical corrections; amending earlier authorizations; reauthorizing a project; authorizing bonds; providing for certain public pension associations' facilities; providing for storage and retention of certain documents; authorizing certain easements; providing for certain port authority leases or management contracts; requesting an investigation and report; authorizing a certain college project; appropriating money with certain conditions and directions; amending Minnesota Statutes 1998, sections 16A.69, subdivision 2; 16B.30; 136F.36, by adding a subdivision; 136F.60, by adding a subdivision; 353.03, subdivision 4; 354.06, subdivision 7; and 457A.04, by adding a subdivision; Laws 1998, chapter 404, sections 3, subdivision 17; 5, subdivision 4; 7, subdivisions 23 and 26; 13, subdivision 12; and 27, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 16A; and 356.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

POINT OF ORDER

Pawlenty raised a point of order pursuant to rule 2.05 relating to Every Unexcused Member to Vote. The Speaker ruled the point of order well taken.

There were 93 yeas and 38 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehler	Holsten	McElroy	Rifenberg	Tuma
Abrams	Dempsey	Howes	Molnau	Rostberg	Tunheim
Anderson, B.	Dorman	Juhnke	Mulder	Rukavina	Van Dellen
Anderson, I.	Entenza	Kalis	Murphy	Seagren	Vanderveer
Bakk	Erhardt	Kielkucki	Ness	Seifert, J.	Wejzman
Bishop	Erickson	Knoblach	Nornes	Seifert, M.	Wenzel
Boudreau	Finseth	Kubly	Olson	Smith	Westerberg
Bradley	Fuller	Kuisle	Osskopp	Solberg	Westfall
Broecker	Goodno	Larsen, P.	Osthoff	Stanek	Westrom
Carlson	Gunther	Leppik	Otremba	Stang	Wilkin
Carruthers	Haake	Lieder	Ozment	Storm	Wolf
Cassell	Haas	Lindner	Paulsen	Swenson	Workman
Clark, J.	Hackbarth	Luther	Pawlenty	Sykora	Spk. Sviggum
Daggett	Harder	Mahoney	Paymar	Tingelstad	
Davids	Hilty	Mares	Pelowski	Tomassoni	
Dawkins	Holberg	Mariani	Peterson	Trimble	

Those who voted in the negative were:

Biernat	Gleason	Jaros	Larson, D.	Opatz	Skoglund
Buesgens	Gray	Jennings	Leighton	Orfield	Wagenius
Chaudhary	Greenfield	Johnson	Lenczewski	Pugh	Winter
Clark, K.	Greiling	Kahn	McGuire	Rest	
Dorn	Hasskamp	Kelliher	Milbert	Reuter	
Folliard	Hausman	Koskinen	Mullery	Schumacher	
Gerlach	Huntley	Krinkie	Munger	Skoe	

The bill was passed, as amended, and its title agreed to.

Solberg was excused between the hours of 2:30 p.m. and 6:10 p.m.

The Speaker called Abrams to the Chair.

CALENDAR FOR THE DAY, Continued

S. F. No. 1615 was reported to the House.

Boudreau moved to amend S. F. No. 1615 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 1933, the first engrossment:

"Section 1. [TASK FORCE.]

A day training and habilitation task force is established. Task force membership shall consist of representatives of counties, service consumers, and vendors of day training and habilitation as defined in Minnesota Statutes, section 252.41, subdivision 9, including at least one representative from each association representing day training and habilitation vendors. Appointments to the task force shall be made by the commissioner of human services and technical assistance shall be provided by the department of human services.

Sec. 2. [PAYMENT STRUCTURE.]

The task force shall develop a new payment rate structure for day training and habilitation services that reflects individual consumer needs and demands for services. The payment structure shall be based on individual need, flexibility, and simplicity in administration and a reflection of costs. An equitable distribution of funds based on need shall be ensured.

Sec. 3. [OPTIONS.]

The task force shall explore the following options as they relate to the payment rate structure for day training and habilitation services: waived services, existing pilot projects, hourly rates, regional rates, performance-based contracting, and day training and habilitation vendors as medical assistance providers. The task force shall consider additional issues related to the payment rate structure which shall include but not be limited to the following: transportation, disparity of rates among day training and habilitation programs, payment based on clients' enrollment in a day training and habilitation program rather than attendance at the program, consumers' transition from school to work, and capital improvement needs of day training and habilitation programs' physical facilities.

Sec. 4. [REPORT.]

The task force shall present a report recommending a new payment rate structure to the legislature by January 15, 2000. The task force expires on March 15, 2000.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective the day following final enactment."

The motion prevailed and the amendment was adopted.

S. F. No. 1615, A bill for an act relating to human services; establishing a task force to develop a new day training and habilitation payment rate structure with technical assistance from the commissioner of human services.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Pawlenty moved that those not voting be excused from voting. The motion prevailed.

There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Holsten	Lindner	Paulsen	Swenson
Abrams	Entenza	Howes	Luther	Pawlenty	Sykora
Anderson, B.	Erhardt	Huntley	Mahoney	Paymar	Tingelstad
Anderson, I.	Erickson	Jaros	Mares	Pelowski	Tomassoni
Biernat	Finseth	Jennings	Mariani	Peterson	Trimble
Bishop	Folliard	Johnson	McElroy	Pugh	Tuma
Boudreau	Fuller	Juhnke	McGuire	Rest	Tunheim
Bradley	Gerlach	Kahn	Milbert	Reuter	Van Dellen
Broecker	Gleason	Kalis	Molnau	Rifenberg	Vandever
Buesgens	Goodno	Kelliher	Mulder	Rostberg	Wagenius
Carlson	Gray	Kielkucki	Mullery	Rukavina	Wejzman
Carruthers	Greenfield	Knoblach	Munger	Schumacher	Wenzel
Cassell	Greiling	Koskinen	Murphy	Seagren	Westerberg
Chaudhary	Gunther	Krinkie	Ness	Seifert, J.	Westfall
Clark, J.	Haake	Kubly	Nornes	Seifert, M.	Westrom
Clark, K.	Haas	Kuisle	Olson	Skoe	Wilkin
Daggett	Hackbarth	Larsen, P.	Opatz	Skoglund	Winter
Dauids	Harder	Larson, D.	Orfield	Smith	Wolf
Dawkins	Hasskamp	Leighton	Osskopp	Solberg	Workman
Dehler	Hausman	Lenczewski	Osthoff	Stanek	Spk. Sviggum
Dempsey	Hilty	Leppik	Otremba	Stang	
Dorman	Holberg	Lieder	Ozment	Storm	

The bill was passed, as amended, and its title agreed to.

CALL OF THE HOUSE LIFTED

Peterson moved that the call of the House be suspended. The motion prevailed and it was so ordered.

S. F. No. 411, A bill for an act relating to crime; imposing criminal penalties for manufacturing, distributing, selling, or possessing with intent to sell or distribute counterfeited intellectual property; providing for forfeiture of these items; amending Minnesota Statutes 1998, sections 609.531, subdivision 1; and 609.902, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abeler	Biernat	Buesgens	Clark, J.	Dempsey	Erickson
Abrams	Bishop	Carlson	Clark, K.	Dorman	Finseth
Anderson, B.	Boudreau	Carruthers	Daggett	Dorn	Folliard
Anderson, I.	Bradley	Cassell	Dauids	Entenza	Fuller
Bakk	Broecker	Chaudhary	Dehler	Erhardt	Gerlach

Gleason	Jaros	Lieder	Olson	Rostberg	Trimble
Goodno	Jennings	Lindner	Opatz	Rukavina	Tuma
Greenfield	Johnson	Luther	Orfield	Schumacher	Tunheim
Greiling	Juhnke	Mahoney	Osskopp	Seagren	Van Dellen
Gunther	Kalis	Mares	Osthoff	Seifert, J.	Vandever
Haake	Kelliher	Mariani	Otremba	Seifert, M.	Wagenius
Haas	Kielkucki	McElroy	Ozment	Skoe	Wejcman
Hackbarth	Knoblach	McGuire	Paulsen	Skoglund	Wenzel
Harder	Koskinen	Milbert	Pawlenty	Smith	Westerberg
Hasskamp	Kubly	Molnau	Paymar	Stanek	Westfall
Hausman	Kuisle	Mulder	Pelowski	Stang	Wilkin
Hilty	Larsen, P.	Mullery	Peterson	Storm	Winter
Holberg	Larson, D.	Munger	Pugh	Swenson	Wolf
Holsten	Leighton	Murphy	Rest	Sykora	Workman
Howes	Lenczewski	Ness	Reuter	Tingelstad	Spk. Sviggum
Huntley	Leppik	Nornes	Rifenberg	Tomassoni	

Those who voted in the negative were:

Dawkins	Krinkie	Westrom
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The bill was passed and its title agreed to.

S. F. No. 1115, A bill for an act relating to courts; revising the process for action for payment or collection of taxes; amending Minnesota Statutes 1998, section 270.68, subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Gunther	Kelliher	McElroy	Pawlenty
Abrams	Dawkins	Haake	Kielkucki	McGuire	Paymar
Anderson, B.	Dehler	Haas	Knoblach	Milbert	Pelowski
Anderson, I.	Dempsey	Hackbarth	Koskinen	Molnau	Peterson
Bakk	Dorman	Harder	Krinkie	Mulder	Pugh
Biernat	Dorn	Hasskamp	Kubly	Mullery	Rest
Bishop	Entenza	Hausman	Kuisle	Munger	Reuter
Boudreau	Erhardt	Hilty	Larsen, P.	Murphy	Rifenberg
Bradley	Erickson	Holberg	Larson, D.	Ness	Rostberg
Broecker	Finseth	Holsten	Leighton	Nornes	Rukavina
Buesgens	Folliard	Howes	Lenczewski	Olson	Schumacher
Carlson	Fuller	Huntley	Leppik	Opatz	Seagren
Carruthers	Gerlach	Jaros	Lieder	Orfield	Seifert, J.
Cassell	Gleason	Jennings	Lindner	Osskopp	Seifert, M.
Chaudhary	Goodno	Johnson	Luther	Osthoff	Skoe
Clark, J.	Gray	Juhnke	Mahoney	Otremba	Skoglund
Clark, K.	Greenfield	Kahn	Mares	Ozment	Smith
Daggett	Greiling	Kalis	Mariani	Paulsen	Stanek

Stang	Tingelstad	Tunheim	Wejcman	Westrom	Workman
Storm	Tomassoni	Van Dellen	Wenzel	Wilkin	Spk. Sviggum
Swenson	Trimble	Vandever	Westerberg	Winter	
Sykora	Tuma	Wagenius	Westfall	Wolf	

The bill was passed and its title agreed to.

S. F. No. 1746, A bill for an act relating to occupational regulation; requiring proponents of new or expanded regulation to provide certain information in writing to the chairs of the standing committees; proposing coding for new law in Minnesota Statutes, chapter 214.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Abeler	Entenza	Holsten	Lieder	Paulsen	Tingelstad
Abrams	Erhardt	Howes	Lindner	Pawlenty	Tomassoni
Anderson, B.	Erickson	Huntley	Luther	Pelowski	Trimble
Anderson, I.	Finseth	Jaros	Mares	Peterson	Tuma
Bakk	Folliard	Jennings	Mariani	Pugh	Tunheim
Biernat	Fuller	Johnson	McElroy	Reuter	Van Dellen
Bishop	Gerlach	Juhnke	McGuire	Rifenberg	Vandever
Boudreau	Gleason	Kahn	Milbert	Rostberg	Wagenius
Bradley	Goodno	Kalis	Molnau	Rukavina	Wenzel
Broecker	Gray	Kelliher	Mulder	Schumacher	Westerberg
Buesgens	Greenfield	Kielkucki	Mullery	Seagren	Westfall
Carlson	Greiling	Knoblach	Munger	Seifert, J.	Westrom
Cassell	Gunther	Koskinen	Murphy	Seifert, M.	Wilkin
Clark, J.	Haake	Krinkie	Ness	Skoe	Winter
Daggett	Haas	Kubly	Nornes	Skoglund	Wolf
Davids	Hackbarth	Kuisle	Olson	Smith	Workman
Dawkins	Harder	Larsen, P.	Orfield	Stanek	Spk. Sviggum
Dehler	Hasskamp	Larson, D.	Osskopp	Stang	
Dempsey	Hausman	Leighton	Osthoff	Storm	
Dorman	Hilty	Lenczewski	Otremba	Swenson	
Dorn	Holberg	Leppik	Ozment	Sykora	

Those who voted in the negative were:

Carruthers	Mahoney	Paymar	Wejcman
Chaudhary	Opatz	Rest	

The bill was passed and its title agreed to.

S. F. No. 376, A bill for an act relating to the Western Lake Superior sanitary district and the Moose Lake-Windemere sanitary sewer district; modifying board members' compensation; amending Minnesota Statutes 1998, section 458D.03, subdivision 9; Laws 1974, chapter 400, section 4, subdivision 9, as amended.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Holsten	Lieder	Otremba	Stang
Abrams	Entenza	Howes	Lindner	Ozment	Storm
Anderson, I.	Erhardt	Huntley	Luther	Paulsen	Swenson
Bakk	Erickson	Jaros	Mahoney	Pawlenty	Sykora
Biernat	Finseth	Jennings	Mares	Paymar	Tingelstad
Bishop	Folliard	Johnson	Mariani	Pelowski	Tomassoni
Bradley	Fuller	Juhnke	McElroy	Peterson	Trimble
Broecker	Gerlach	Kahn	McGuire	Pugh	Tuma
Buesgens	Gleason	Kalis	Milbert	Rest	Tunheim
Carlson	Goodno	Kelliher	Molnau	Reuter	Van Dellen
Carruthers	Greenfield	Kielkucki	Mulder	Rifenberg	Vandever
Cassell	Greiling	Knoblach	Mullery	Rostberg	Wagenius
Chaudhary	Gunther	Koskinen	Munger	Rukavina	Wejcman
Clark, J.	Haake	Krinkie	Murphy	Schumacher	Wenzel
Clark, K.	Haas	Kubly	Ness	Seagren	Westerberg
Daggett	Hackbarth	Kuisle	Nornes	Seifert, J.	Westfall
Davids	Harder	Larsen, P.	Olson	Seifert, M.	Westrom
Dawkins	Hasskamp	Larson, D.	Opatz	Skoe	Winter
Dehler	Hausman	Leighton	Orfield	Skoglund	Wolf
Dempsey	Hilty	Lenczewski	Osskopp	Smith	Spk. Sviggum
Dorman	Holberg	Leppik	Osthoff	Stanek	

Those who voted in the negative were:

Anderson, B.	Boudreau	Wilkin	Workman
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The bill was passed and its title agreed to.

H. F. No. 1607 was reported to the House.

Smith moved to amend H. F. No. 1607, the first engrossment, as follows:

Page 3, line 18, delete "concurrent jurisdiction"

Page 4, line 7, after "met" insert "and the tribe enters into a cooperative agreement pursuant to subdivision 4"

Page 4, line 10, after "reservation" insert "to enforce state criminal law"

The motion prevailed and the amendment was adopted.

H. F. No. 1607, A bill for an act relating to peace officers; authorizing federally recognized tribes to exercise concurrent criminal jurisdictional authority with the local sheriff within the geographical boundaries of the tribe's reservation; establishing requirements for the exercise of such authority; amending Minnesota Statutes 1998, section 626.84, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 626.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	Lindner	Pawlenty	Tingelstad
Abrams	Dorn	Howes	Luther	Paymar	Tomassoni
Anderson, B.	Entenza	Huntley	Mahoney	Pelowski	Trimble
Anderson, I.	Erhardt	Jaros	Mares	Peterson	Tuma
Bakk	Erickson	Jennings	Mariani	Pugh	Tunheim
Biernat	Finseth	Johnson	McElroy	Rest	Van Dellen
Bishop	Folliard	Juhnke	McGuire	Reuter	Vandever
Boudreau	Fuller	Kahn	Milbert	Rifenberg	Wagenius
Bradley	Gerlach	Kalis	Molnau	Rostberg	Wejcman
Broecker	Gleason	Kelliher	Mulder	Rukavina	Wenzel
Buesgens	Goodno	Kielkucki	Mullery	Schumacher	Westerberg
Carlson	Gray	Knoblach	Munger	Seagren	Westfall
Carruthers	Greenfield	Koskinen	Murphy	Seifert, J.	Westrom
Cassell	Greiling	Krinkie	Ness	Seifert, M.	Wilkin
Chaudhary	Gunther	Kubly	Nornes	Skoe	Winter
Clark, J.	Haake	Kuisle	Olson	Skoglund	Wolf
Clark, K.	Haas	Larsen, P.	Opatz	Smith	Workman
Daggett	Hackbarth	Larson, D.	Orfield	Stanek	Spk. Sviggum
Davids	Harder	Leighton	Osskopp	Stang	
Dawkins	Hausman	Lenczewski	Osthoff	Storm	
Dehler	Hilty	Leppik	Otremba	Swenson	
Dempsey	Holberg	Lieder	Ozment	Sykora	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1778 was reported to the House.

Gunther moved to amend H. F. No. 1778, the first engrossment, as follows:

Page 1, line 14, after the semicolon, insert "and"

Page 1, delete lines 15 to 18

Page 1, line 19, delete "(3)" and insert "(2)"

Page 2, after line 6, insert:

"(c) Plans shall be available to carry out the commissioner of administration's duties under sections 16B.46 and 16B.465 and shall also be available to those entities not using the commissioner for contracting for telecommunications services."

The motion prevailed and the amendment was adopted.

H. F. No. 1778, A bill for an act relating to telecommunications; providing for telecommunications pricing plans for state government under oversight of public utilities commission; proposing coding for new law in Minnesota Statutes, chapter 237.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	Luther	Paymar	Tomassoni
Abrams	Dorn	Howes	Mahoney	Pelowski	Trimble
Anderson, B.	Entenza	Huntley	Mares	Peterson	Tuma
Anderson, I.	Erhardt	Jaros	Mariani	Pugh	Tunheim
Bakk	Erickson	Jennings	McElroy	Rest	Van Dellen
Biernat	Finseth	Johnson	McGuire	Reuter	Vandever
Bishop	Folliard	Juhnke	Milbert	Rifenberg	Wagenius
Boudreau	Gerlach	Kahn	Molnau	Rostberg	Wejcman
Bradley	Gleason	Kalis	Mulder	Rukavina	Wenzel
Broecker	Goodno	Kelliher	Mullery	Schumacher	Westerberg
Buesgens	Gray	Knoblach	Munger	Seagren	Westfall
Carlson	Greenfield	Koskinen	Murphy	Seifert, J.	Westrom
Carruthers	Greiling	Krinkie	Nornes	Seifert, M.	Wilkin
Cassell	Gunther	Kubly	Olson	Skoe	Winter
Chaudhary	Haake	Kuisle	Opatz	Skoglund	Wolf
Clark, J.	Haas	Larsen, P.	Orfield	Smith	Workman
Clark, K.	Hackbarth	Larson, D.	Osskopp	Stanek	Spk. Sviggum
Daggett	Harder	Leighton	Osthoff	Stang	
Davids	Hasskamp	Lenczewski	Otremba	Storm	
Dawkins	Hausman	Leppik	Ozment	Swenson	
Dehler	Hilty	Lieder	Paulsen	Sykora	
Dempsey	Holberg	Lindner	Pawlenty	Tingelstad	

The bill was passed, as amended, and its title agreed to.

S. F. No. 1268, A bill for an act relating to health; requiring prompt payments by health maintenance organizations of certain claims made by home care providers; requiring health maintenance organizations to pay interest on late payments; establishing penalties; proposing coding for new law in Minnesota Statutes, chapter 62D.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Cassell	Erickson	Hackbarth	Kahn	Leppik
Abrams	Chaudhary	Finseth	Harder	Kalis	Lieder
Anderson, B.	Clark, J.	Folliard	Hasskamp	Kelliher	Lindner
Anderson, I.	Clark, K.	Fuller	Hausman	Kielkucki	Luther
Bakk	Daggett	Gerlach	Hilty	Knoblach	Mahoney
Biernat	Davids	Gleason	Holberg	Koskinen	Mares
Bishop	Dawkins	Goodno	Holsten	Krinkie	Mariani
Boudreau	Dehler	Gray	Howes	Kubly	McElroy
Bradley	Dempsey	Greenfield	Huntley	Kuisle	McGuire
Broecker	Dorman	Greiling	Jaros	Larsen, P.	Milbert
Buesgens	Dorn	Gunther	Jennings	Larson, D.	Molnau
Carlson	Entenza	Haake	Johnson	Leighton	Mulder
Carruthers	Erhardt	Haas	Juhnke	Lenczewski	Mullery

Munger	Otremba	Reuter	Skoglund	Trimble	Westfall
Murphy	Ozment	Rifenberg	Smith	Tuma	Westrom
Ness	Paulsen	Rostberg	Stanek	Tunheim	Wilkin
Nornes	Pawlenty	Rukavina	Stang	Van Dellen	Winter
Olson	Paymar	Schumacher	Storm	Vandever	Wolf
Opatz	Pelowski	Seagren	Swenson	Wagenius	Workman
Orfield	Peterson	Seifert, J.	Sykora	Wejcman	Spk. Sviggum
Osskopp	Pugh	Seifert, M.	Tingelstad	Wenzel	
Osthoff	Rest	Skoe	Tomassoni	Westerberg	

The bill was passed and its title agreed to.

H. F. No. 1326, A bill for an act relating to human services; modifying licensing and reporting requirements; amending Minnesota Statutes 1998, sections 245A.04, subdivision 3a; 245A.08, subdivision 5; 256E.08, by adding a subdivision; and 626.556, subdivisions 10i, and 11c.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holberg	Lindner	Pawlenty	Tingelstad
Abrams	Dorn	Holsten	Luther	Paymar	Tomassoni
Anderson, B.	Entenza	Howes	Mahoney	Pelowski	Trimble
Anderson, I.	Erhardt	Huntley	Mares	Peterson	Tuma
Bakk	Erickson	Jaros	Mariani	Pugh	Tunheim
Biernat	Finseth	Jennings	McElroy	Rest	Van Dellen
Bishop	Folliard	Johnson	McGuire	Reuter	Vandever
Boudreau	Fuller	Juhnke	Milbert	Rifenberg	Wagenius
Bradley	Gerlach	Kalis	Molnau	Rostberg	Wejcman
Broecker	Gleason	Kelliher	Mulder	Rukavina	Wenzel
Buesgens	Goodno	Kielkucki	Mullery	Schumacher	Westerberg
Carlson	Gray	Knoblach	Munger	Seagren	Westfall
Carruthers	Greenfield	Koskinen	Ness	Seifert, J.	Westrom
Cassell	Greiling	Krinkie	Nornes	Seifert, M.	Wilkin
Chaudhary	Gunther	Kubly	Olson	Skoe	Winter
Clark, J.	Haake	Kuisle	Opatz	Skoglund	Wolf
Clark, K.	Haas	Larsen, P.	Orfield	Smith	Workman
Daggett	Hackbarth	Larsen, D.	Osskopp	Stanek	Spk. Sviggum
Davids	Harder	Leighton	Osthoff	Stang	
Dawkins	Hasskamp	Lenczewski	Otremba	Storm	
Dehler	Hausman	Leppik	Ozment	Swenson	
Dempsey	Hilty	Lieder	Paulsen	Sykora	

The bill was passed and its title agreed to.

S. F. No. 1585 was reported to the House.

Jennings moved to amend S. F. No. 1585 as follows:

Page 22, after line 28, insert:

"Sec. 30. Minnesota Statutes 1998, section 252.28, subdivision 3a, is amended to read:

Subd. 3a. [LICENSING EXCEPTION.] (a) Notwithstanding the provisions of subdivision 3, the commissioner may license service sites, each accommodating up to six residents moving from a 48-bed intermediate care facility for persons with mental retardation or related conditions located in Dakota county that is closing under section 252.292.

(b) Notwithstanding the provisions of any other state law or administrative rule, the rate provisions of section 256I.05, subdivision 1, apply to the exception in this subdivision."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Dorman, Bradley, Jennings, Goodno and Greenfield moved to amend S. F. No. 1585, as amended, as follows:

Page 21, after line 10, insert:

"Sec. 27. Minnesota Statutes 1998, section 145.93, subdivision 3, is amended to read:

Subd. 3. [GRANT AWARD; DESIGNATION; PAYMENTS UNDER GRANT.] Each odd-numbered year the commissioner shall solicit applications for the poison information centers by giving reasonable public notice of the availability of money appropriated or otherwise available. The commissioner shall select from among the ~~nonprofit corporations~~ entities, whether profit or nonprofit, or units of government the applicants that best fulfill the criteria specified in subdivision 4. The grant shall be paid to the grantees quarterly beginning on July 1."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1585, A bill for an act relating to human services; making technical changes to cross-references in statutes; amending Minnesota Statutes 1998, sections 13.46, subdivisions 1 and 2; 16D.02, subdivision 3; 16D.13, subdivision 3; 84.98, subdivision 3; 119A.54; 119B.01, subdivisions 2, 10, 12, 13, 15, and 16; 119B.02, subdivision 1; 119B.03, subdivisions 3 and 4; 119B.05, subdivision 1; 119B.07; 119B.075; 119B.08, subdivision 3; 119B.09, subdivisions 1, 3, and 7; 119B.14; 119B.15; 136A.125, subdivision 2; 145.415, subdivision 3; 196.27; 237.70, subdivision 4a; 245.4871, subdivision 25; 254B.02, subdivision 1; 256.01, subdivisions 2 and 4; 256.017, subdivisions 1, 2, and 4; 256.019; 256.025, subdivision 2; 256.046, subdivision 1; 256.0471, subdivision 1; 256.741, subdivisions 1 and 2; 256.82, subdivision 2; 256.935, subdivision 1; 256.98, subdivisions 1 and 8; 256.981; 256.983, subdivision 4; 256.9861, subdivision 5; 256B.031, subdivisions 4 and 5; 256B.69, subdivision 5a; 256C.21; 256C.23, subdivision 1; 256D.01, subdivisions 1a and 1e; 256D.05, subdivisions 1, 3, and 5; 256D.051, subdivision 3a; 256D.055; 256D.23, subdivision 1; 256D.435, subdivision 3; 256D.44, subdivision 5; 256E.03, subdivision 2;

256E.06, subdivisions 1 and 3; 256E.07, subdivision 1; 256E.08, subdivision 3; 256F.05, subdivisions 3 and 8; 256F.10, subdivision 6; 256F.13, subdivision 3; 256G.01, subdivision 4; 256G.03, subdivision 2; 256J.01, subdivision 1; 256J.11, subdivisions 1 and 2; 256J.12, subdivision 1; 256J.21, subdivision 3; 256J.26, subdivisions 1, 2, 3, and 4; 256J.42, subdivisions 1 and 5; 256J.43, subdivision 1; 256J.50, subdivision 3a; 256J.62, subdivisions 3, 6, and 7; 256J.76, subdivision 1; 256K.01, subdivisions 2, 3, and 8; 256K.015; 256K.02; 256K.03, subdivisions 1 and 12; 256K.04, subdivision 2; 256K.05, subdivision 2; 256K.06; 256K.07; 256K.08, subdivision 1; 256L.11, subdivision 4; 257.33, subdivision 2; 257.3573, subdivision 2; 257.60; 257.85, subdivisions 3, 5, 7, and 11; 259.67, subdivision 4; 260.38; 261.063; 268.0111, subdivisions 5 and 7; 268.0122, subdivision 3; 268.552, subdivision 5; 268.672, subdivision 6; 268.86, subdivision 2; 268.871, subdivision 1; 268.90, subdivision 2; 268.95, subdivision 4; 275.065, subdivision 5a; 290.067, subdivision 1; 290A.03, subdivision 7; 393.07, subdivision 6; 462A.205, subdivision 2; 462A.222, subdivision 1a; 473.129, subdivision 8; 477A.0122, subdivision 2; 501B.89, subdivision 2; 518.171, subdivision 1; 518.551, subdivision 5; 518.57, subdivision 3; 518.614, subdivision 3; 518.64, subdivision 2; 548.13; 550.136, subdivision 6; 550.143, subdivision 3; 550.37, subdivision 14; 551.05, subdivision 1a; 551.06, subdivision 6; 570.025, subdivision 6; 570.026, subdivision 2; 571.72, subdivision 8; 571.912; 571.925; 571.931, subdivision 6; 571.932, subdivision 2; and 583.22, subdivision 7b; repealing Minnesota Statutes 1998, sections 119B.01, subdivision 12a; 119B.05, subdivision 6; 126C.05, subdivision 4; 126C.06; 256.031, subdivision 1a; 256.736; 256.74, subdivision 1c; 256.9850; 256J.62, subdivision 5; 268.871, subdivision 5; and 290A.22; Minnesota Rules, parts 9500.2000; 9500.2020; 9500.2060; 9500.2100; 9500.2140; 9500.2180; 9500.2220; 9500.2260; 9500.2300; 9500.2340; 9500.2380; 9500.2420; 9500.2440; 9500.2480; 9500.2500; 9500.2520; 9500.2560; 9500.2580; 9500.2600; 9500.2620; 9500.2640; 9500.2680; 9500.2700; 9500.2720; 9500.2722; 9500.2724; 9500.2726; 9500.2728; 9500.2730; 9500.2740; 9500.2760; 9500.2780; 9500.2800; 9500.2820; 9500.2860; and 9500.2880.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holberg	Lieder	Ozment	Swenson
Abrams	Dorn	Holsten	Lindner	Paulsen	Sykora
Anderson, B.	Entenza	Howes	Luther	Pawlenty	Tingelstad
Anderson, I.	Erhardt	Huntley	Mahoney	Paymar	Tomassoni
Bakk	Erickson	Jaros	Mares	Pelowski	Trimble
Biernat	Finseth	Jennings	Mariani	Peterson	Tuma
Bishop	Folliard	Johnson	McElroy	Pugh	Tunheim
Boudreau	Fuller	Juhnke	McGuire	Rest	Van Dellen
Bradley	Gerlach	Kahn	Milbert	Reuter	Vandever
Broecker	Gleason	Kalis	Molnau	Rifenberg	Wagenius
Buesgens	Goodno	Kelliher	Mulder	Rostberg	Wejman
Carlson	Gray	Kielkucki	Mullery	Rukavina	Wenzel
Carruthers	Greenfield	Knoblach	Munger	Schumacher	Westerberg
Cassell	Greiling	Koskinen	Murphy	Seagren	Westfall
Chaudhary	Gunther	Krinkie	Ness	Seifert, J.	Westrom
Clark, J.	Haake	Kubly	Nornes	Seifert, M.	Wilkin
Clark, K.	Haas	Kuisle	Olson	Skoe	Winter
Daggett	Hackbarth	Larsen, P.	Opatz	Skoglund	Wolf
Davids	Harder	Larsen, D.	Orfield	Smith	Workman
Dawkins	Hasskamp	Leighton	Osskopp	Stanek	Spk. Sviggum
Dehler	Hausman	Lenczewski	Osthoff	Stang	
Dempsey	Hilty	Leppik	Otremba	Storm	

The bill was passed, as amended, and its title agreed to.

H. F. No. 2027, A bill for an act relating to local government; permitting the city of St. Peter to lay dark fiber optic cable.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	Lindner	Paulsen	Sykora
Abrams	Dorn	Howes	Luther	Pawlenty	Tingelstad
Anderson, B.	Entenza	Huntley	Mahoney	Paymar	Tomassoni
Anderson, I.	Erhardt	Jaros	Mares	Pelowski	Trimble
Bakk	Erickson	Jennings	Mariani	Peterson	Tuma
Biernat	Finseth	Johnson	McElroy	Pugh	Tunheim
Bishop	Fuller	Juhnke	McGuire	Rest	Van Dellen
Boudreau	Gerlach	Kahn	Milbert	Reuter	Vandevier
Bradley	Gleason	Kalis	Molnau	Rifenberg	Wagenius
Broecker	Goodno	Kelliher	Mulder	Rostberg	Wejcman
Buesgens	Gray	Kielkucki	Mullery	Rukavina	Wenzel
Carlson	Greenfield	Knoblach	Munger	Schumacher	Westerberg
Carruthers	Greiling	Koskinen	Murphy	Seagren	Westfall
Cassell	Gunther	Krinkie	Ness	Seifert, J.	Westrom
Chaudhary	Haake	Kubly	Nornes	Seifert, M.	Wilkin
Clark, J.	Haas	Kuisle	Olson	Skoe	Winter
Clark, K.	Hackbarth	Larsen, P.	Opatz	Skoglund	Wolf
Daggett	Harder	Larson, D.	Orfield	Smith	Workman
Davids	Hasskamp	Leighton	Osskopp	Stanek	Spk. Sviggum
Dawkins	Hausman	Lenczewski	Osthoff	Stang	
Dehler	Hilty	Leppik	Otremba	Storm	
Dempsey	Holberg	Lieder	Ozment	Swenson	

The bill was passed and its title agreed to.

H. F. No. 649, A bill for an act relating to employment; establishing standards for employment support programs and services for persons with mental illness; requiring the commissioner of economic security to request funding for employment support services; amending Minnesota Statutes 1998, sections 268A.13; and 268A.14; proposing coding for new law in Minnesota Statutes, chapter 245.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Biernat	Buesgens	Clark, J.	Dehler	Erhardt
Abrams	Bishop	Carlson	Clark, K.	Dempsey	Erickson
Anderson, B.	Boudreau	Carruthers	Daggett	Dorman	Finseth
Anderson, I.	Bradley	Cassell	Davids	Dorn	Folliard
Bakk	Broecker	Chaudhary	Dawkins	Entenza	Fuller

Gerlach	Jaros	Leppik	Opatz	Schumacher	Van Dellen
Gleason	Jennings	Lieder	Orfield	Seagren	Vandever
Goodno	Johnson	Lindner	Osskopp	Seifert, J.	Wagenius
Gray	Juhnke	Luther	Osthoff	Seifert, M.	Wejzman
Greenfield	Kahn	Mahoney	Otremba	Skoe	Wenzel
Greiling	Kalis	Mares	Ozment	Skoglund	Westerberg
Gunther	Kelliher	Mariani	Paulsen	Smith	Westfall
Haake	Kielkucki	McElroy	Pawlenty	Stanek	Westrom
Haas	Knoblach	McGuire	Paymar	Stang	Wilkin
Hackbarth	Koskinen	Milbert	Pelowski	Storm	Winter
Harder	Krinkie	Molnau	Peterson	Swenson	Wolf
Hasskamp	Kubly	Mulder	Pugh	Sykora	Workman
Hausman	Kuisle	Mullery	Rest	Tingelstad	Spk. Sviggum
Hilty	Larsen, P.	Munger	Reuter	Tomassoni	
Holberg	Larson, D.	Murphy	Rifenberg	Trimble	
Holsten	Leighton	Nornes	Rostberg	Tuma	
Howes	Lenczewski	Olson	Rukavina	Tunheim	

The bill was passed and its title agreed to.

H. F. No. 935 was reported to the House.

Olson moved to amend H. F. No. 935, the second engrossment, as follows:

Page 4, lines 27 and 28, delete "by a passenger on a school bus" and insert "or wrongful death"

Page 5, line 3, delete "a civil action" and insert "an action for personal injury or wrongful death"

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Olson moved that H. F. No. 935, as amended, be temporarily continued on the Calendar for the Day. The motion prevailed.

Peterson was excused for the remainder of today's session.

H. F. No. 1825 was reported to the House.

Osskopp and Tomassoni moved to amend H. F. No. 1825, the first engrossment, as follows:

Page 1, after line 12, insert:

"Section 1. Minnesota Statutes 1998, section 240.01, is amended by adding a subdivision to read:

Subd. 24. [CARD CLUB.] "Card club" means a facility or portion of a facility where the commission has authorized a licensee to conduct card playing.

Sec. 2. Minnesota Statutes 1998, section 240.01, is amended by adding a subdivision to read:

Subd. 25. [CARD PLAYING.] "Card playing" means an activity wherein individuals compete and wager with each other utilizing a 52-unit system comprised of a series of numbers, numbered 2 through 10, and the letters J, Q, K, and A, combined with four symbols commonly known as hearts, diamonds, spades, and clubs, wherein each individual unit constitutes the display of one of the 52 possible combinations. The symbol commonly known as a joker may be incorporated into the system.

Sec. 3. Minnesota Statutes 1998, section 240.01, is amended by adding a subdivision to read:

Subd. 26. [UNBANKED.] "Unbanked" means a wagering system or game where the individual participants compete against each other and not against the sponsor or house. In an unbanked system or game, the sponsor or house may deduct a percentage from the accumulated wagers and impose other charges for hosting the activity, but does not have an interest in the outcome of a game. The sponsor or house may add additional prizes, awards, or money to any game for promotional purposes.

Sec. 4. Minnesota Statutes 1998, section 240.10, is amended to read:

240.10 [LICENSE FEES.]

The fee for a class A license is \$10,000 per year. The fee for a class B license is \$100 for each assigned racing day on which racing is actually conducted, and \$50 for each day on which simulcasting is authorized and actually takes place. The fee for a class D license is \$50 for each assigned racing day on which racing is actually conducted. The fee for a card club license is \$50,000 per year. Fees imposed on class B ~~and~~ class D, and card club licenses must be paid to the commission at a time and in a manner as provided by rule of the commission.

The commission shall by rule establish an annual license fee for each occupation it licenses under section 240.08 but no annual fee for a class C license may exceed \$100.

License fee payments received must be paid by the commission to the state treasurer for deposit in the general fund.

Sec. 5. [240.135] [CARD CLUB REVENUE.]

From the amounts derived from charges authorized under section 240.30, subdivision 4, the licensee shall set aside the amounts specified in this section to be used for purse payments or to be deposited in the breeders fund. These amounts are in addition to the breeders fund and purse requirements set forth elsewhere in this chapter.

(a) For the first \$3,000,000 deducted by the licensee in any year, the licensee shall set aside six percent to be used as purses.

(b) For amounts between \$3,000,000 and \$6,000,000, the licensee shall set aside ten percent to be used as purses.

(c) For amounts in excess of \$6,000,000, the licensee shall set aside 14 percent to be used as purses.

(d) From all amounts deducted, the licensee shall set aside one percent to be deposited in the breeders fund. The licensee and the horseperson's organization representing the majority of horsepersons who have raced at the racetrack during the preceding 12 months may negotiate percentages different from those stated in this section if the agreement is in writing and filed with the racing commission.

Sec. 6. [240.136] [COMPULSIVE GAMBLING NOTICE.]

The director shall prominently post, in the area where the games authorized by this section are conducted, the toll-free telephone number established by the commissioner of human services in connection with the compulsive gambling program established under section 245.98. The director and the location provider shall establish a proactive plan to identify problem gamblers and take appropriate action.

Sec. 7. Minnesota Statutes 1998, section 240.155, subdivision 1, is amended to read:

Subdivision 1. [REIMBURSEMENT ACCOUNT CREDIT.] Money received by the commission as reimbursement for the costs of services provided by assistant veterinarians, stewards, and medical testing of horses, and for costs related to card club regulation and enforcement, must be deposited in the state treasury and credited to a racing reimbursement account, except as provided under subdivision 2. Receipts are appropriated to the commission to pay the costs of providing the services.

Sec. 8. [240.30] [CARD CLUBS.]

Subdivision 1. [CARD CLUB LICENSES.] The commission may license a class B operator of a class A racetrack to operate a card club at a racetrack licensed under section 240.06 and offer card playing services to patrons.

Subd. 2. [SUPERVISION.] The authorized licensee is responsible for conducting and supervising the card games, providing all necessary equipment, services, and personnel, and reimbursing the commission for costs related to card club regulation and enforcement.

Subd. 3. [TYPE OF WAGERING.] All card club wagering activities must be conducted in an unbanked system.

Subd. 4. [CHARGES.] The authorized licensee may charge patrons for card playing services by deducting and retaining money from wagers, by charging a fee based on playing time, or by any other means authorized by the commission.

Subd. 5. [LIMITATION.] The commission shall not allow a licensee to operate a card club unless the licensee has conducted at least 50 days of live racing at a class A facility within the past 12 months or during the preceding calendar year.

Subd. 6. [PLAN OF OPERATION.] (a) The commission shall not authorize a class B licensee to operate a card club unless the licensee has submitted, and the commission approved, a plan of operation for card playing activities. The plan must set forth all necessary details for conducting card playing activities including, among other things:

- (1) specifying and defining all card games to be played, including all governing aspects of each game;
- (2) time and location of card playing activities;
- (3) amount and method by which participants will be charged for card playing services;
- (4) arrangements to ensure the security of card playing activities;
- (5) designation of all licensed employees of the licensee who undertake supervisory positions related to card playing activities; and
- (6) internal control systems for card playing activities.

(b) The licensee must prepare and make available to all customers a written manual that covers all portions of the current plan of operation. The licensee must also publish, in pamphlet form, a condensed and comprehensive version of the manual and make it available to all customers.

Subd. 7. [AMENDMENTS TO PLAN; VIOLATIONS.] The licensee may amend the plan of operation with the approval of the commission. The commission may withdraw its approval of a plan of operation. Card playing activities are deemed to be relevant to the integrity of racing in Minnesota. An act of the licensee that is contrary to the licensee's approved plan of operation is deemed to be a violation of an order of the commission for purposes of section 240.26, subdivision 3. An act of the licensee that is contrary to the licensee's approved plan of operation, and any violation of this chapter related to card playing activities, is deemed to be detrimental to the integrity of racing in Minnesota.

Subd. 8. [LIMITATIONS.] The commission may not approve any plan of operation under subdivision 6 that exceeds any of the following limitations:

(1) the maximum number of tables used for card playing at the card club at any one time may not exceed 50;

(2) the opening wager by any player in any card game may not exceed \$15; and

(3) no single wager that increases the total amount staked in any card game may exceed \$30.

Subd. 9. [REIMBURSEMENT TO COMMISSION.] The commission may require that the licensee reimburse it for the commission's actual costs of regulating the card club. Amounts received under this subdivision must be deposited as provided in section 240.155, subdivision 1."

Page 2, after line 24, insert:

"Sec. 11. Minnesota Statutes 1998, section 349.151, is amended by adding a subdivision to read:

Subd. 14. [RACETRACK ACTIVITIES.] Any form of lawful gambling authorized by this chapter may be conducted at a racetrack maintaining a class A license under section 240.05. The net profits from activities conducted pursuant to this paragraph must be used to further the activities of a qualifying charitable foundation that serves the needs of backside personnel at the racetrack."

Renumber the sections in sequence and correct the internal references

Delete the title and insert:

"A bill for an act relating to lawful gambling; allowing a class B licensee of a class A racetrack to conduct card club activities; specifying locations where pull-tab dispensing machines may be used; requiring certain information to be printed on raffle tickets; authorizing certain tipboard games and tipboard rules; increasing maximum consolation prizes for bingo games; specifying maximum tipboard prizes; amending Minnesota Statutes 1998, sections 240.01, by adding subdivisions; 240.10; 240.155, subdivision 1; 349.151, subdivision 4b, and by adding subdivisions; 349.1711, by adding a subdivision; and 349.211, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 240."

A roll call was requested and properly seconded.

POINT OF ORDER

Entenza raised a point of order pursuant to rule 3.21 that the Osskopp and Tomassoni amendment was not in order. Speaker pro tempore Abrams ruled the point of order not well taken and the Osskopp and Tomassoni amendment in order.

The Speaker resumed the Chair.

POINT OF ORDER

Carruthers raised a point of order pursuant to section 124 of "Mason's Manual of Legislative Procedure," relating to Personalities Not Permitted in Debate. The Speaker ruled the point of order not well taken.

Kahn moved to amend the Osskopp and Tomassoni amendment to H. F. No. 1825, the first engrossment, as follows:

Page 2, line 25, after "shall" insert ", after deducting reasonable expenses"

Page 2, line 26, before "amounts" insert "total" and delete "specified in this section"

Page 2, delete lines 30 to 36

Page 3, delete lines 1 to 7

Page 5, line 17, delete "may" and insert "must"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 44 yeas and 82 nays as follows:

Those who voted in the affirmative were:

Biernat	Folliard	Johnson	Leppik	Murphy	Tunheim
Carlson	Gray	Kahn	Lieder	Osthoff	Wagenius
Carruthers	Greenfield	Kalis	Luther	Paymar	Wejzman
Chaudhary	Greiling	Kelliher	Mahoney	Pelowski	Wenzel
Clark, K.	Hasskamp	Koskinen	Mariani	Rest	
Dawkins	Hilty	Larson, D.	McGuire	Rukavina	
Dorn	Huntley	Leighton	Mullery	Skoglund	
Entenza	Jaros	Lenczewski	Munger	Trimble	

Those who voted in the negative were:

Abeler	Dehler	Harder	McElroy	Reuter	Tomassoni
Abrams	Dempsey	Holberg	Molnau	Rifenberg	Tuma
Anderson, B.	Dorman	Holsten	Mulder	Rostberg	Van Dellen
Anderson, I.	Erhardt	Howes	Ness	Schumacher	Vandever
Bakk	Erickson	Jennings	Nornes	Seagren	Westerberg
Bishop	Finseth	Juhnke	Olson	Seifert, J.	Westfall
Boudreau	Fuller	Kielkucki	Opatz	Seifert, M.	Westrom
Bradley	Gerlach	Knoblach	Orfield	Skoe	Wilkin
Broecker	Gleason	Krinkie	Osskopp	Smith	Winter
Buesgens	Goodno	Kubly	Otremba	Stang	Wolf
Cassell	Gunther	Kuisle	Ozment	Storm	Workman
Clark, J.	Haake	Larsen, P.	Paulsen	Swenson	Spk. Sviggum
Daggett	Haas	Lindner	Pawlenty	Sykora	
Davids	Hackbarth	Mares	Pugh	Tingelstad	

The motion did not prevail and the amendment to the amendment was not adopted.

Davids was excused for the remainder of today's session.

Kahn moved to amend the Osskopp and Tomassoni amendment to H. F. No. 1825, the first engrossment, as follows:

Page 5, line 17, delete "may" and insert "must"

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Osskopp and Tomassoni amendment, as amended, and the roll was called. There were 41 yeas and 82 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Fuller	Jaros	Milbert	Reuter	Van Dellen
Bishop	Gerlach	Jennings	Molnau	Rukavina	Westerberg
Boudreau	Gleason	Kielkucki	Ness	Stanek	Westrom
Buesgens	Gunther	Larsen, P.	Nornes	Stang	Wilkin
Dawkins	Haake	Larson, D.	Osskopp	Sykora	Wolf
Dehler	Hackbarth	Mares	Ozment	Tomassoni	Workman
Erickson	Holsten	McElroy	Pugh	Tuma	

Those who voted in the negative were:

Abeler	Dorman	Howes	Leppik	Otremba	Smith
Abrams	Dorn	Huntley	Lieder	Paulsen	Storm
Anderson, B.	Entenza	Johnson	Lindner	Pawlenty	Swenson
Bakk	Erhardt	Juhnke	Luther	Paymar	Tingelstad
Biernat	Finseth	Kahn	Mahoney	Pelowski	Trimble
Bradley	Folliard	Kalis	Mariani	Rest	Tunheim
Broecker	Goodno	Kelliher	McGuire	Rifenberg	Vandever
Carlson	Gray	Knoblach	Mulder	Rostberg	Wagenius
Carruthers	Greenfield	Koskinen	Munger	Schumacher	Wejcman
Chaudhary	Greiling	Krinkie	Murphy	Seagren	Westfall
Clark, J.	Harder	Kubly	Olson	Seifert, J.	Winter
Clark, K.	Hasskamp	Kuisele	Opatz	Seifert, M.	Spk. Sviggum
Daggett	Hilty	Leighton	Orfield	Skoe	
Dempsey	Holberg	Lenczewski	Osthoff	Skoglund	

The motion did not prevail and the amendment, as amended, was not adopted.

Holsten moved to amend H. F. No. 1825, the first engrossment, as follows:

Page 2, line 24, after the quotation mark, insert "Raffles conducted under the exemptions in section 349.166 may use tickets that contain only the sequential number of the raffle ticket and no other information if the organization makes a list of prizes and a statement of other relevant information available to persons purchasing tickets and if tickets are only sold at the event."

The motion prevailed and the amendment was adopted.

H. F. No. 1825, A bill for an act relating to lawful gambling; specifying locations where pull-tab dispensing machines may be used; requiring certain information to be printed on raffle tickets; authorizing certain tipboard games and tipboard rules; increasing maximum consolation prizes for bingo games; specifying maximum tipboard prizes; amending Minnesota Statutes 1998, sections 349.151, subdivision 4b, and by adding a subdivision; 349.1711, by adding a subdivision; and 349.211, subdivision 2, and by adding a subdivision.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 78 yeas and 49 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Dehler	Hackbarth	Larson, D.	Opatz	Stang
Anderson, I.	Dempsey	Hasskamp	Leighton	Osskopp	Storm
Bakk	Dorman	Hilty	Lenczewski	Otremba	Swenson
Biernat	Dorn	Holberg	Leppik	Ozment	Sykora
Bishop	Erickson	Holsten	Lindner	Pelowski	Tomassoni
Boudreau	Finseth	Howes	Mares	Pugh	Tuma
Bradley	Fuller	Jennings	McElroy	Reuter	Van Dellen
Broecker	Gerlach	Juhnke	Milbert	Rostberg	Westfall
Buesgens	Gleason	Kielkucki	Molnau	Rukavina	Wilkin
Cassell	Goodno	Knoblach	Murphy	Schumacher	Winter
Chaudhary	Gunther	Krinkie	Ness	Seifert, J.	Wolf
Clark, J.	Haake	Kuisle	Nornes	Smith	Workman
Daggett	Haas	Larsen, P.	Olson	Stanek	Spk. Sviggum

Those who voted in the negative were:

Abeler	Greenfield	Kelliher	Mullery	Seagren	Wejcman
Abrams	Greiling	Koskinen	Munger	Seifert, M.	Wenzel
Carlson	Harder	Kubly	Orfield	Skoe	Westerberg
Carruthers	Hausman	Lieder	Osthoff	Skoglund	Westrom
Clark, K.	Huntley	Luther	Paulsen	Tingelstad	
Entenza	Jaros	Mahoney	Pawlenty	Trimble	
Erhardt	Johnson	Mariani	Paymar	Tunheim	
Folliard	Kahn	McGuire	Rest	Vandever	
Gray	Kalis	Mulder	Rifenberg	Wagenius	

The bill was passed, as amended, and its title agreed to.

The Speaker called Sykora to the Chair.

H. F. No. 928 was reported to the House.

Hackbarth moved to amend H. F. No. 928, the third engrossment, as follows:

Page 3, line 18, delete "Minnesota Statutes, section 84.8713" and insert "Minnesota Statutes 1998, section 84.8715."

The motion prevailed and the amendment was adopted.

Hasskamp moved to amend H. F. No. 928, the third engrossment, as amended, as follows:

Page 2, line 19, delete "\$10" and insert "\$25"

Page 2, line 32, before the comma, insert "and related damage to public or private land"

Page 3, line 20, delete "state"

Page 3, line 21, after "snowmobiles" insert "and related damage to public or private land"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Hasskamp amendment and the roll was called. There were 32 yeas and 96 nays as follows:

Those who voted in the affirmative were:

Biernat	Gray	Huntley	Kubly	Munger	Wagenius
Chaudhary	Greenfield	Jaros	Leppik	Orfield	Wejcman
Clark, K.	Greiling	Jennings	Lieder	Osthoff	
Dawkins	Hasskamp	Kahn	Mariani	Paymar	
Folliard	Hausman	Kelliher	McGuire	Skoglund	
Gleason	Hilty	Koskinen	Mullery	Trimble	

Those who voted in the negative were:

Abeler	Dempsey	Holsten	Mares	Pugh	Sykora
Abrams	Dorman	Howes	McElroy	Rest	Tingelstad
Anderson, B.	Dorn	Johnson	Milbert	Reuter	Tomassoni
Anderson, I.	Entenza	Juhnke	Molnau	Rifenberg	Tuma
Bakk	Erhardt	Kalis	Mulder	Rostberg	Tunheim
Bishop	Erickson	Kielkucki	Murphy	Rukavina	Van Dellen
Boudreau	Finseth	Knoblach	Ness	Schumacher	Vandever
Bradley	Fuller	Krinkie	Nornes	Seagren	Wenzel
Broecker	Gerlach	Kuisle	Olson	Seifert, J.	Westerberg
Buesgens	Goodno	Larsen, P.	Opatz	Seifert, M.	Westfall
Carlson	Gunther	Larson, D.	Osskopp	Skoe	Westrom
Carruthers	Haake	Leighton	Otremba	Smith	Wilkin
Cassell	Haas	Lenczewski	Ozment	Stanek	Winter
Clark, J.	Hackbarth	Lindner	Paulsen	Stang	Wolf
Daggett	Harder	Luther	Pawlenty	Storm	Workman
Dehler	Holberg	Mahoney	Pelowski	Swenson	Spk. Sviggum

The motion did not prevail and the amendment was not adopted.

Munger was excused for the remainder of today's session.

H. F. No. 928, A bill for an act relating to recreational vehicles; prohibiting the use of metal traction devices on paved public trails; requiring a metal traction device sticker; defining terms; providing for duplicate state trail and metal traction device stickers; appropriating money; amending Minnesota Statutes 1998, sections 84.81, by adding a subdivision; and 84.8205, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 84; repealing Minnesota Statutes 1998, section 84.871, subdivision 2; Laws 1998, chapter 401, section 23; and Laws 1999, chapter 4, section 2, subdivision 1.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 108 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehler	Harder	Larsen, P.	Olson	Smith
Abrams	Dempsey	Hasskamp	Leighton	Opatz	Stanek
Anderson, B.	Dorman	Hausman	Lenczewski	Osskopp	Stang
Anderson, I.	Dorn	Hilty	Leppik	Otremba	Storm
Bakk	Erhardt	Holberg	Lieder	Ozment	Swenson
Biernat	Erickson	Holsten	Lindner	Paulsen	Sykora
Bishop	Folliard	Howes	Luther	Pawlenty	Tingelstad
Boudreau	Fuller	Huntley	Mahoney	Pelowski	Trimble
Bradley	Gerlach	Jennings	Mares	Pugh	Tuma
Broecker	Gleason	Juhnke	Mariani	Rest	Tunheim
Buesgens	Goodno	Kahn	McElroy	Reuter	Van Dellen
Carlson	Gray	Kalis	McGuire	Rifenberg	Wenzel
Carruthers	Greenfield	Kielkucki	Molnau	Rostberg	Westerberg
Cassell	Greiling	Knoblach	Mulder	Schumacher	Westfall
Chaudhary	Gunther	Koskinen	Mullery	Seagren	Wilkin
Clark, J.	Haake	Krinkie	Murphy	Seifert, J.	Winter
Clark, K.	Haas	Kubly	Ness	Seifert, M.	Wolf
Daggett	Hackbarth	Kuisle	Nornes	Skoe	Spk. Sviggum

Those who voted in the negative were:

Dawkins	Johnson	Orfield	Skoglund	Wejcman
Entenza	Kelliher	Osthoff	Tomassoni	Westrom
Finseth	Larson, D.	Paymar	Vandever	Workman
Jaros	Milbert	Rukavina	Wagenius	

The bill was passed, as amended, and its title agreed to.

S. F. No. 1645 was reported to the House.

Juhnke moved to amend S. F. No. 1645 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 1641, the first engrossment:

"Section 1. Minnesota Statutes 1998, section 169.87, is amended by adding a subdivision to read:

Subd. 4. [VEHICLES TRANSPORTING MILK.] Until June 1, 2003, a weight restriction imposed under subdivision 1 by the commissioner of transportation or a local road authority, or imposed by subdivision 2, does not apply to a vehicle transporting milk from the point of production to the point of first processing if, at the time the

weight restriction is exceeded, the vehicle is carrying milk loaded at only one point of production. This subdivision does not authorize a vehicle described in this subdivision to exceed a weight restriction of five tons per axle by more than two tons per axle.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to traffic regulations; exempting vehicles carrying milk from seasonal weight restrictions under certain circumstances; amending Minnesota Statutes 1998, section 169.87, by adding a subdivision."

The motion prevailed and the amendment was adopted.

Stang and Juhnke moved to amend S. F. No. 1645, as amended, as follows:

Page 1, after line 16, insert:

"Sec. 2. Minnesota Statutes 1998, section 222.63, subdivision 4, is amended to read:

Subd. 4. [DISPOSITION PERMITTED.] (a) The commissioner may lease any rail line or right-of-way held in the state rail bank or enter into an agreement with any person for the operation of any rail line or right-of-way for any of the purposes set forth in subdivision 2 in accordance with a fee schedule to be developed by the commissioner.

(b) The commissioner may convey any rail line or right-of-way, for consideration or for no consideration and upon other terms as the commissioner may determine to be in the public interest, to any other state agency or to a ~~governmental~~ political subdivision of the state having power by law to utilize it for any of the purposes set forth in subdivision 2.

(c) The commissioner may convey a portion of previously acquired rail bank right-of-way to a state agency or political subdivision when the commissioner determines that:

(1) the portion to be conveyed is in excess of that needed for the purposes stated in subdivision 2;

(2) the conveyance is upon terms and conditions agreed upon by both the commissioner and the state agency or political subdivision;

(3) after the sale, the rail bank corridor will continue to be sufficient to meet the purposes of subdivision 2; and

(4) the conveyance will not result in any right-of-way in the state rail bank being reduced to a width of less than 50 feet at any point.

Proceeds from a sale must be deposited in the rail bank maintenance account described in subdivision 8."

Page 1, line 18, delete "Section 1 is" and insert "Sections 1 and 2 are"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

McElroy moved to amend S. F. No. 1645, as amended, as follows:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 1998, section 32.25, subdivision 3, is amended to read:

Subd. 3. [PENALTIES FOR VIOLATIONS.] Any person

~~(1) who, when testing by the Babcock test, shall use any appliances other than the standard Babcock glassware for measuring or testing milk or cream sold or purchased at prices determined upon the basis of milk fat therein contained, or~~

~~(2) who shall manufacture or sell Babcock glassware which is not constructed or graduated in accordance with these specifications, or~~

~~(3) who shall employ any test other than the Babcock test or those tests authorized by rule promulgated by the commissioner, or any methods other than the standard official methods for determining the milk fat content of milk or cream, or~~

~~(4) (2) who shall incorrectly sample milk or cream purchased or sold, or~~

~~(5) (3) who shall incorrectly weigh milk or cream purchased or sold, or~~

~~(6) (4) who shall incorrectly grade milk or cream purchased or sold, or~~

~~(7) (5) who shall make a false entry of the weight, or test result, or grade of any milk or cream purchased or sold, or~~

~~(8) (6) who shall incorrectly sample, weigh, test, or record or report weights or tests of skim milk or buttermilk purchased or sold, or~~

~~(9) (7) who shall underread the tests, or~~

~~(10) (8) who shall falsify the reading of the tests, or~~

~~(11) (9) who shall manipulate the reading of the tests, or~~

~~(12) (10) who shall falsely state, certify, or use in the purchase or sale of milk or cream a misreading of such tests, whether the tests or actual reading shall have been made by such person or by any other person, shall be guilty of a misdemeanor."~~

Page 1, after line 16, insert:

"Sec. 3. [REPEALER.]

Minnesota Statutes 1998, section 32.01, subdivision 7, is repealed."

ReNUMBER the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1645, A bill for an act relating to traffic regulations; exempting vehicles carrying milk from seasonal weight restrictions under certain circumstances; amending Minnesota Statutes 1998, section 169.87, by adding a subdivision.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Hilty	Leppik	Ozment	Swenson
Abrams	Dorn	Holberg	Lindner	Paulsen	Sykora
Anderson, B.	Entenza	Howes	Luther	Pawlenty	Tingelstad
Anderson, I.	Erhardt	Huntley	Mahoney	Paymar	Tomassoni
Bakk	Erickson	Jaros	Mares	Pelowski	Trimble
Biernat	Finseth	Jennings	Mariani	Pugh	Tuma
Bishop	Folliard	Johnson	McElroy	Rest	Tunheim
Boudreau	Fuller	Juhnke	McGuire	Reuter	Van Dellen
Bradley	Gerlach	Kahn	Milbert	Rifenberg	Vandever
Broecker	Gleason	Kalis	Molnau	Rostberg	Wagenius
Buesgens	Goodno	Kelliher	Mulder	Rukavina	Wejcman
Carlson	Gray	Kielkucki	Mullery	Schumacher	Wenzel
Carruthers	Greenfield	Knoblach	Murphy	Seagren	Westerberg
Cassell	Greiling	Koskinen	Ness	Seifert, J.	Westfall
Chaudhary	Gunther	Krinkie	Nornes	Seifert, M.	Westrom
Clark, J.	Haake	Kubly	Olson	Skoe	Wilkin
Clark, K.	Haas	Kuisle	Opatz	Skoglund	Winter
Daggett	Hackbarth	Larsen, P.	Orfield	Smith	Wolf
Dawkins	Harder	Larson, D.	Osskopp	Stanek	Workman
Dehler	Hasskamp	Leighton	Osthoff	Stang	Spk. Sviggum
Dempsey	Hausman	Lenczewski	Otremba	Storm	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1291, A bill for an act relating to traffic regulations; modifying provisions relating to school buses and drivers; amending Minnesota Statutes 1998, sections 169.01, subdivision 6; 169.03, subdivision 6; and 171.3215, subdivisions 2 and 4.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abeler	Bishop	Carruthers	Dawkins	Erickson	Goodno
Abrams	Boudreau	Cassell	Dehler	Finseth	Gray
Anderson, B.	Bradley	Chaudhary	Dempsey	Folliard	Greenfield
Anderson, I.	Broecker	Clark, J.	Dorman	Fuller	Greiling
Bakk	Buesgens	Clark, K.	Dorn	Gerlach	Gunther
Biernat	Carlson	Daggett	Entenza	Gleason	Haake

Haas	Kelliher	Mahoney	Osskopp	Seagren	Tunheim
Hackbarth	Kielkucki	Mares	Osthoff	Seifert, J.	Van Dellen
Harder	Knoblach	Mariani	Otremba	Seifert, M.	Vandever
Hasskamp	Koskinen	McElroy	Ozment	Skoe	Wagenius
Hausman	Krinkie	McGuire	Paulsen	Skoglund	Wejcmán
Hilty	Kubly	Milbert	Pawlenty	Smith	Wenzel
Holberg	Kuisle	Molnau	Paymar	Stanek	Westerberg
Holsten	Larsen, P.	Mulder	Pelowski	Stang	Westfall
Howes	Larsen, D.	Mullery	Pugh	Storm	Westrom
Huntley	Leighton	Murphy	Rest	Swenson	Wilkin
Jennings	Lenczewski	Ness	Reuter	Sykora	Winter
Johnson	Leppik	Nornes	Rifenberg	Tingelstad	Wolf
Juhnke	Lieder	Olson	Rostberg	Tomassoni	Workman
Kahn	Lindner	Opatz	Rukavina	Trimble	Spk. Sviggum
Kalis	Luther	Orfield	Schumacher	Tuma	

Those who voted in the negative were:

Erhardt

The bill was passed and its title agreed to.

The Speaker resumed the Chair.

H. F. No. 1026, A bill for an act relating to landlords and tenants; clarifying the application of housing discrimination law with respect to section 8 housing; amending Minnesota Statutes 1998, section 363.02, subdivision 2.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 70 yeas and 58 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Harder	Mares	Rifenberg	Tuma
Abrams	Dorman	Holberg	McElroy	Rostberg	Van Dellen
Anderson, B.	Erhardt	Holsten	Molnau	Seagren	Vandever
Bishop	Erickson	Howes	Mulder	Seifert, J.	Westerberg
Boudreau	Finseth	Jennings	Ness	Seifert, M.	Westfall
Bradley	Fuller	Kielkucki	Nornes	Smith	Westrom
Broecker	Gerlach	Knoblach	Olson	Stanek	Wilkin
Buesgens	Goodno	Krinkie	Osskopp	Stang	Wolf
Cassell	Gunther	Kuisle	Ozment	Storm	Workman
Clark, J.	Haake	Larsen, P.	Paulsen	Swenson	Spk. Sviggum
Daggett	Haas	Leppik	Pawlenty	Sykora	
Dehler	Hackbarth	Lindner	Reuter	Tingelstad	

Those who voted in the negative were:

Anderson, I.	Carlson	Clark, K.	Entenza	Gray	Hasskamp
Bakk	Carruthers	Dawkins	Folliard	Greenfield	Hausman
Biernat	Chaudhary	Dorn	Gleason	Greiling	Hilty

Huntley	Koskinen	Mahoney	Orfield	Rukavina	Tunheim
Jaros	Kubly	Mariani	Osthoff	Schumacher	Wagenius
Johnson	Larson, D.	McGuire	Otremba	Skoe	Wejcman
Juhnke	Leighton	Milbert	Paymar	Skoglund	Wenzel
Kahn	Lenczewski	Mullery	Pelowski	Solberg	Winter
Kalis	Lieder	Murphy	Pugh	Tomassoni	
Kelliher	Luther	Opatz	Rest	Trimble	

The bill was passed and its title agreed to.

H. F. No. 935, as amended, which was temporarily continued earlier today on the Calendar for the Day, was again reported to the House.

Skoglund, Olson, Leighton and Seifert, J., moved to amend H. F. No. 935, the second engrossment, as amended, as follows:

Page 4, line 31, after "liable" insert "solely"

The motion prevailed and the amendment was adopted.

H. F. No. 935, A bill for an act relating to education; authorizing lap and shoulder belts on school buses; requiring training on appropriately using lap and shoulder belts; amending Minnesota Statutes 1998, sections 123B.90, subdivisions 2, 3, and by adding a subdivision; 169.447, by adding subdivisions; and 169.4502, by adding a subdivision.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 99 yeas and 28 nays as follows:

Those who voted in the affirmative were:

Abeler	Entenza	Hilty	Leppik	Ozment	Tingelstad
Abrams	Erhardt	Holberg	Lieder	Paulsen	Trimble
Anderson, B.	Erickson	Holsten	Lindner	Pawlenty	Tuma
Biernat	Folliard	Howes	Luther	Paymar	Tunheim
Bishop	Fuller	Huntley	Mahoney	Pelowski	Van Dellen
Broecker	Gleason	Jaros	Mares	Pugh	Vanderveer
Carlson	Goodno	Jennings	Mariani	Rest	Wagenius
Carruthers	Gray	Johnson	McGuire	Reuter	Wejcman
Cassell	Greenfield	Kahn	Milbert	Schumacher	Wenzel
Chaudhary	Greiling	Kelliher	Mulder	Seagren	Westerberg
Clark, J.	Gunther	Kielkucki	Mullery	Seifert, J.	Winter
Clark, K.	Haake	Knoblach	Murphy	Seifert, M.	Wolf
Daggett	Haas	Koskinen	Nornes	Skoe	Workman
Dawkins	Hackbarth	Larsen, P.	Olson	Skoglund	Spk. Sviggum
Dempsey	Harder	Larson, D.	Orfield	Smith	
Dorman	Hasskamp	Leighton	Osskopp	Swenson	
Dorn	Hausman	Lenczewski	Osthoff	Sykora	

Those who voted in the negative were:

Anderson, I.	Dehler	Krinkie	Ness	Solberg	Westfall
Bakk	Finseth	Kubly	Opatz	Stanek	Westrom
Boudreau	Gerlach	Kuisle	Rifenberg	Stang	Wilkin
Bradley	Juhnke	McElroy	Rostberg	Storm	
Buesgens	Kalis	Molnau	Rukavina	Tomassoni	

The bill was passed, as amended, and its title agreed to.

The Speaker called Abrams to the Chair.

S. F. No. 1539 was reported to the House.

Bishop moved to amend S. F. No. 1539 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 2021, the second engrossment:

"Section 1. Minnesota Statutes 1998, section 103I.005, subdivision 12, is amended to read:

Subd. 12. [~~LIMITED WELL~~ WELL/BORING CONTRACTOR.] "Limited ~~well~~ well/boring contractor" means a person with a limited ~~well~~ well/boring contractor's license issued by the commissioner.

Sec. 2. Minnesota Statutes 1998, section 103I.005, subdivision 13, is amended to read:

Subd. 13. [~~LIMITED WELL~~ WELL/BORING SEALING CONTRACTOR.] "Limited ~~well~~ well/boring sealing contractor" means a person with a limited ~~well~~ well/boring sealing contractor's license issued by the commissioner.

Sec. 3. Minnesota Statutes 1998, section 103I.005, subdivision 20, is amended to read:

Subd. 20. [VERTICAL HEAT EXCHANGER.] "Vertical heat exchanger" means an earth-coupled heating or cooling device consisting of a sealed closed-loop piping system installed vertically in the ground to transfer heat to or from the surrounding earth with no discharge.

Sec. 4. Minnesota Statutes 1998, section 103I.101, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The commissioner shall:

(1) regulate the drilling, construction, modification, repair, and sealing of wells and borings;

(2) examine and license well contractors, persons constructing, repairing, and sealing vertical heat exchangers, persons modifying or repairing well casings, well screens, or well diameters; constructing, repairing, and sealing unconventional wells such as drive point wells or dug wells; constructing, repairing, and sealing dewatering wells; sealing wells; installing well pumps or pumping equipment; and excavating or drilling holes for the installation of elevator shafts or hydraulic cylinders;

(3) register and examine monitoring well contractors;

(4) license explorers engaged in exploratory boring and examine individuals who supervise or oversee exploratory boring;

(5) after consultation with the commissioner of natural resources and the pollution control agency, establish standards for the design, location, construction, repair, and sealing of wells, elevator shafts, and borings within the state; and

(6) issue permits for wells, groundwater thermal devices, vertical heat exchangers, and excavation for holes to install elevator shafts or hydraulic cylinders.

Sec. 5. Minnesota Statutes 1998, section 1031.101, subdivision 5, is amended to read:

Subd. 5. [COMMISSIONER TO ADOPT RULES.] The commissioner shall adopt rules including:

(1) issuance of licenses for:

(i) qualified well contractors, persons modifying or repairing well casings, well screens, or well diameters;

(ii) persons constructing, repairing, and sealing unconventional wells such as drive points or dug wells;

(iii) persons constructing, repairing, and sealing dewatering wells;

(iv) persons sealing wells; ~~and~~

(v) persons installing well pumps or pumping equipment and excavating holes for installing elevator shafts or hydraulic cylinders; and

(vi) persons constructing, repairing, and sealing vertical heat exchangers;

(2) issuance of registration for monitoring well contractors;

(3) establishment of conditions for examination and review of applications for license and registration;

(4) establishment of conditions for revocation and suspension of license and registration;

(5) establishment of minimum standards for design, location, construction, repair, and sealing of wells to implement the purpose and intent of this chapter;

(6) establishment of a system for reporting on wells and borings drilled and sealed;

(7) establishment of standards for the construction, maintenance, sealing, and water quality monitoring of wells in areas of known or suspected contamination;

(8) establishment of wellhead protection measures for wells serving public water supplies;

(9) establishment of procedures to coordinate collection of well data with other state and local governmental agencies;

(10) establishment of criteria and procedures for submission of well logs, formation samples or well cuttings, water samples, or other special information required for and water resource mapping; and

(11) establishment of minimum standards for design, location, construction, maintenance, repair, sealing, safety, and resource conservation related to borings, including exploratory borings as defined in section 1031.005, subdivision 9.

Until the commissioner adopts rules under this chapter to replace rules relating to wells and borings that were adopted under chapter 156A, the rules adopted under chapter 156A shall remain in effect.

Sec. 6. Minnesota Statutes 1998, section 103I.105, is amended to read:

103I.105 [ADVISORY COUNCIL ON WELLS AND BORINGS.]

(a) The advisory council on wells and borings is established as an advisory council to the commissioner. The advisory council shall consist of ~~17~~ 18 voting members. Of the ~~17~~ 18 voting members:

- (1) one member must be from the department of health, appointed by the commissioner of health;
- (2) one member must be from the department of natural resources, appointed by the commissioner of natural resources;
- (3) one member must be a member of the Minnesota geological survey of the University of Minnesota, appointed by the director;
- (4) one member must be a licensed exploratory borer;
- (5) one member must be a licensed elevator shaft contractor;
- (6) two members must be members of the public who are not connected with the business of exploratory boring or the well drilling industry;
- (7) one member must be from the pollution control agency, appointed by the commissioner of the pollution control agency;
- (8) one member must be from the department of transportation, appointed by the commissioner of transportation;
- (9) one member from the board of water and soil resources appointed by its chair;
- (10) one member must be a monitoring well contractor; ~~and~~
- (11) six members must be residents of this state appointed by the commissioner, who are actively engaged in the well drilling industry, with not more than two from the seven-county metropolitan area and at least four from other areas of the state who represent different geographical regions; and
- (12) one member must be a licensed vertical heat exchanger contractor or be certified by the International Ground Source Heat Pump Association and appointed by the commissioner.

(b) An appointee of the well drilling industry may not serve more than two consecutive terms.

(c) The appointees to the advisory council from the well drilling industry must:

- (1) have been residents of this state for at least three years before appointment; and
- (2) have at least five years' experience in the well drilling business.

(d) The terms of the appointed members and the compensation and removal of all members are governed by section 15.059, except section 15.059, subdivision 5, relating to expiration of the advisory council does not apply.

Sec. 7. Minnesota Statutes 1998, section 103I.205, subdivision 2, is amended to read:

Subd. 2. [EMERGENCY PERMIT AND NOTIFICATION EXEMPTIONS.] The commissioner may adopt rules that modify the procedures for filing a well notification or well permit if conditions occur that:

- (1) endanger the public health and welfare or cause a need to protect the groundwater; or
- (2) require the monitoring well contractor, limited ~~well~~ well/boring contractor, or well contractor to begin constructing a well before obtaining a permit or notification.

Sec. 8. Minnesota Statutes 1998, section 103I.205, subdivision 4, is amended to read:

Subd. 4. [LICENSE REQUIRED.] (a) Except as provided in paragraph (b), (c), or (d), section 103I.401, subdivision 2, or section 103I.601, subdivision 2, a person may not drill, construct, repair, or seal a well or boring unless the person has a well contractor's license in possession.

(b) A person may construct a monitoring well if the person:

- (1) is a professional engineer registered under sections 326.02 to 326.15 in the branches of civil or geological engineering;
- (2) is a hydrologist or hydrogeologist certified by the American Institute of Hydrology;
- (3) is a professional engineer registered with the board of architecture, engineering, land surveying, landscape architecture, and interior design;
- (4) is a geologist certified by the American Institute of Professional Geologists; or
- (5) meets the qualifications established by the commissioner in rule.

A person must register with the commissioner as a monitoring well contractor on forms provided by the commissioner.

(c) A person may do the following work with a limited ~~well~~ well/boring contractor's license in possession. A separate license is required for each of the ~~five~~ six activities:

- (1) installing or repairing well screens or pitless units or pitless adaptors and well casings from the pitless adaptor or pitless unit to the upper termination of the well casing;
- (2) constructing, repairing, and sealing drive point wells or dug wells;
- (3) installing well pumps or pumping equipment;
- (4) sealing wells; ~~or~~
- (5) constructing, repairing, or sealing dewatering wells; or
- (6) constructing, repairing, or sealing vertical heat exchangers.

(d) Notwithstanding other provisions of this chapter requiring a license or registration, a license or registration is not required for a person who complies with the other provisions of this chapter if the person is:

- (1) an individual who constructs a well on land that is owned or leased by the individual and is used by the individual for farming or agricultural purposes or as the individual's place of abode; or

(2) an individual who performs labor or services for a contractor licensed or registered under the provisions of this chapter in connection with the construction, sealing, or repair of a well or boring at the direction and under the personal supervision of a contractor licensed or registered under the provisions of this chapter.

Sec. 9. Minnesota Statutes 1998, section 103I.301, subdivision 2, is amended to read:

Subd. 2. [MONITORING WELLS.] The owner of the property where a monitoring well is located must have the monitoring well sealed when the well is no longer in use. The owner must have a well contractor, limited ~~well~~ well/boring sealing contractor, or a monitoring well contractor seal the monitoring well.

Sec. 10. Minnesota Statutes 1998, section 103I.301, subdivision 3, is amended to read:

Subd. 3. [DEWATERING WELLS.] (a) The owner of the property where a dewatering well is located must have the dewatering well sealed when the dewatering well is no longer in use.

(b) A well contractor, limited ~~well~~ well/boring sealing contractor, or limited dewatering well contractor shall seal the dewatering well.

Sec. 11. Minnesota Statutes 1998, section 103I.501, is amended to read:

103I.501 [LICENSING AND REGULATION OF WELLS AND BORINGS.]

(a) The commissioner shall regulate and license:

(1) drilling, constructing, and repair of wells;

(2) sealing of wells;

(3) installing of well pumps and pumping equipment;

(4) excavating, drilling, and sealing of holes for the installation of elevator shafts and hydraulic cylinders; ~~and~~

(5) construction and sealing of environmental bore holes; and

(6) construction, repair, and sealing of vertical heat exchangers.

(b) The commissioner shall examine and license well contractors, limited ~~well~~ well/boring contractors, and elevator shaft contractors, and examine and register monitoring well contractors.

(c) The commissioner shall license explorers engaged in exploratory boring and shall examine persons who supervise or oversee exploratory boring.

Sec. 12. Minnesota Statutes 1998, section 103I.531, is amended to read:

103I.531 [LIMITED ~~WELL~~ WELL/BORING CONTRACTOR'S LICENSE.]

Subdivision 1. [APPLICATION.] (a) A person must file an application and an application fee with the commissioner to apply for a limited ~~well~~ well/boring contractor's license.

(b) The application must state the applicant's qualifications for the license, the equipment the applicant will use in the contracting, and other information required by the commissioner. The application must be on forms prescribed by the commissioner.

Subd. 2. [APPLICATION FEE.] The application fee for a limited ~~well~~ well/boring contractor's license is \$50. The commissioner may not act on an application until the application fee is paid.

Subd. 3. [EXAMINATION.] After the commissioner has approved the application, the applicant must take an examination given by the commissioner.

Subd. 4. [ISSUANCE OF LICENSE.] If an applicant meets the experience requirements established in rule, passes the examination as determined by the commissioner, submits the bond under subdivision 5, and pays the license fee under subdivision 6, the commissioner shall issue a limited ~~well~~ well/boring contractor's license. If the other conditions of this section are satisfied, the commissioner may not withhold issuance of a dewatering limited license based on the applicant's lack of prior experience under a licensed well contractor.

Subd. 5. [BOND.] (a) As a condition of being issued a limited ~~well~~ well/boring contractor's license for constructing, repairing, and sealing drive point wells or dug wells, sealing wells or borings, ~~or~~ constructing, repairing, and sealing dewatering wells, or constructing, repairing, and sealing vertical heat exchangers, the applicant must submit a corporate surety bond for \$10,000 approved by the commissioner. As a condition of being issued a limited ~~well~~ well/boring contractor's license for installing or repairing well screens or pitless units or pitless adaptors and well casings from the pitless adaptor or pitless unit to the upper termination of the well casing, or installing well pumps or pumping equipment, the applicant must submit a corporate surety bond for \$2,000 approved by the commissioner. The bonds required in this paragraph must be conditioned to pay the state on unlawful performance of work regulated by this chapter in this state. The bonds are in lieu of other license bonds required by a political subdivision of the state.

(b) From proceeds of a bond required in paragraph (a), the commissioner may compensate persons injured or suffering financial loss because of a failure of the applicant to properly perform work or duties.

Subd. 6. [LICENSE FEE.] The fee for a limited ~~well~~ well/boring contractor's license is \$50.

Subd. 7. [VALIDITY.] A limited ~~well~~ well/boring contractor's license is valid until the date prescribed in the license by the commissioner.

Subd. 8. [RENEWAL.] (a) A person must file an application and a renewal application fee to renew the limited ~~well~~ well/boring contractor's license by the date stated in the license.

(b) The renewal application fee shall be set by the commissioner under section 16A.1285.

(c) The renewal application must include information that the applicant has met continuing education requirements established by the commissioner by rule.

(d) At the time of the renewal, the commissioner must have on file all properly completed well sealing reports, well permits, vertical heat exchanger permits, and well notifications for work conducted by the licensee since the last license renewal.

Subd. 9. [INCOMPLETE OR LATE RENEWAL.] If a licensee fails to submit all information required for renewal in subdivision 8 or submits the application and information after the required renewal date:

(1) the licensee must include an additional late fee set by the commissioner under section 16A.1285; and

(2) the licensee may not conduct activities authorized by the limited ~~well~~ well/boring contractor's license until the renewal application, renewal application fee, and late fee, and all other information required in subdivision 8 are submitted.

Sec. 13. Minnesota Statutes 1998, section 103I.641, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] A person may not drill or construct an excavation used to install a vertical heat exchanger unless the person is a limited well/boring contractor licensed for constructing, repairing, and sealing vertical heat exchangers or a well contractor.

Sec. 14. Minnesota Statutes 1998, section 103I.641, subdivision 3, is amended to read:

Subd. 3. [PERMIT REQUIRED.] (a) A vertical heat exchanger may not be installed without first obtaining a permit for the vertical heat exchanger from the commissioner. A limited well/boring contractor licensed for constructing, repairing, and sealing vertical heat exchangers or a well contractor must apply for the permit on forms provided by the commissioner and must pay the permit fee.

(b) As a condition of the permit, the owner of the property where the vertical heat exchanger is to be installed must agree to allow inspection by the commissioner during regular working hours of department of health inspectors.

Sec. 15. [EFFECTIVE DATE.]

Sections 13 and 14 are effective August 1, 2000."

Delete the title and insert:

"A bill for an act relating to the environment; regulating limited well/boring contractors and the installation of vertical heat exchangers; amending Minnesota Statutes 1998, sections 103I.005, subdivisions 12, 13, and 20; 103I.101, subdivisions 2 and 5; 103I.105; 103I.205, subdivisions 2 and 4; 103I.301, subdivisions 2 and 3; 103I.501; 103I.531; and 103I.641, subdivisions 1 and 3."

The motion prevailed and the amendment was adopted.

S. F. No. 1539, A bill for an act relating to the environment; providing a new license category under the well code for a vertical heat exchanger contractor; establishing training requirements for well contractors installing vertical heat exchangers; amending Minnesota Statutes 1998, sections 103I.005, subdivision 20; 103I.101, subdivisions 2 and 5; 103I.105; 103I.501; and 103I.641, subdivisions 1 and 3; proposing coding for new law in Minnesota Statutes, chapter 103I.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 119 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Abeler	Broecker	Dawkins	Fuller	Harder	Jennings
Abrams	Buesgens	Dehler	Gleason	Hasskamp	Johnson
Anderson, B.	Carlson	Dempsey	Goodno	Hausman	Kahn
Anderson, I.	Carruthers	Dorman	Gray	Hilty	Kalis
Bakk	Cassell	Dorn	Greenfield	Holberg	Kelliher
Biernat	Chaudhary	Entenza	Gunther	Holsten	Kielkucki
Bishop	Clark, J.	Erhardt	Haake	Howes	Knoblach
Boudreau	Clark, K.	Erickson	Haas	Huntley	Koskinen
Bradley	Daggett	Finseth	Hackbarth	Jaros	Krinkie

Kubly	Mares	Olson	Pugh	Solberg	Van Dellen
Kuisle	Mariani	Opatz	Rest	Stanek	Vandever
Larsen, P.	McElroy	Orfield	Rifenberg	Stang	Wejzman
Larsen, D.	McGuire	Osskopp	Rostberg	Storm	Wenzel
Leighton	Milbert	Osthoff	Rukavina	Swenson	Westerberg
Lenczewski	Molnau	Otremba	Seagren	Sykora	Westfall
Leppik	Mulder	Ozment	Seifert, J.	Tingelstad	Wilkin
Lieder	Mullery	Paulsen	Seifert, M.	Tomassoni	Winter
Lindner	Murphy	Pawlenty	Skoe	Trimble	Wolf
Luther	Ness	Paymar	Skoglund	Tuma	Workman
Mahoney	Nornes	Pelowski	Smith	Tunheim	

Those who voted in the negative were:

Folliard	Gerlach	Greiling	Reuter	Westrom	Spk. Sviggum
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The bill was passed, as amended, and its title agreed to.

S. F. No. 1821 was reported to the House.

Gunther moved to amend S. F. No. 1821 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 1910, the first engrossment:

"Section 1. Minnesota Statutes 1998, section 462A.05, subdivision 14, is amended to read:

Subd. 14. [REHABILITATION LOANS.] It may agree to purchase, make, or otherwise participate in the making, and may enter into commitments for the purchase, making, or participation in the making, of eligible loans for rehabilitation to persons and families of low and moderate income, and to owners of existing residential housing for occupancy by such persons and families, for the rehabilitation of existing residential housing owned by them. The loans may be insured or uninsured and may be made with security, or may be unsecured, as the agency deems advisable. The loans may be in addition to or in combination with long-term eligible mortgage loans under subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness secured by the property, if refinancing is determined by the agency to be necessary to permit the owner to meet the owner's housing cost without expending an unreasonable portion of the owner's income thereon. No loan for rehabilitation shall be made unless the agency determines that the loan will be used primarily to make the housing more desirable to live in, to increase the market value of the housing, for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing, or to accomplish energy conservation related improvements. In unincorporated areas and municipalities not having codes and standards, the agency may, solely for the purpose of administering the provisions of this chapter, establish codes and standards. Except for accessibility improvements under this subdivision and subdivisions 14a and 24, clause (1), no secured loan for rehabilitation of any property shall be made in an amount which, with all other existing indebtedness secured by the property, would exceed 110 percent of its market value, as determined by the agency. No loan under this subdivision shall be denied solely because the loan will not be used for placing the residential housing in full compliance with all state, county, or municipal building, housing maintenance, fire, health, or similar codes and standards applicable to housing. Rehabilitation loans shall be made only when the agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions. Accessibility rehabilitation loans authorized under this subdivision may be made to eligible persons and families without limitations relating to the maximum incomes of the borrowers if:

(1) the borrower or a member of the borrower's family requires a level of care provided in a hospital, skilled nursing facility, or intermediate care facility for persons with mental retardation or related conditions;

(2) home care is appropriate; and

(3) the improvement will enable the borrower or a member of the borrower's family to reside in the housing.

Sec. 2. Minnesota Statutes 1998, section 462A.073, subdivision 2, is amended to read:

Subd. 2. [LIMITATION; ORIGINATION PERIOD.] During the first ten months of an origination period, the agency may make loans financed with proceeds of mortgage bonds for the purchase of existing housing. Loans financed with the proceeds of mortgage bonds for new housing in the metropolitan area may be made during the first ten months of an origination period only if at least one of the following conditions is met:

(1) the new housing is located in a redevelopment area;

(2) the new housing is replacing a structurally substandard structure or structures;

(3) the new housing is part of a housing affordability initiative, other than those financed with the proceeds from the sale of bonds, in which federal, state, or local assistance is used to substantially improve the terms of the financing or to substantially write down the purchase price of the new housing; ~~or~~

(4) the new housing is accessible housing and the borrower or a member of the borrower's family is a person with a disability. For the purposes of this clause, "accessible housing" means a dwelling unit with the modifications necessary to enable a person with a disability to function in a residential setting. "A person with a disability" means a person who has a permanent physical condition which is not correctable and which substantially reduces the person's ability to function in a residential setting. A person with a physical condition which does not require the use of a device to increase mobility must be deemed a person with a disability upon written certification of a licensed physician that the physical condition substantially limits the person's ability to function in a residential setting; ~~or~~

(5) the new housing is part of an effort to meet the affordable housing goals negotiated under section 473.254.

Upon expiration of the first ten-month period, the agency may make loans financed with the proceeds of mortgage bonds for the purchase of new and existing housing.

Sec. 3. Minnesota Statutes 1998, section 462A.073, subdivision 4, is amended to read:

Subd. 4. [LIMITATION; COMMITMENTS AND LOANS TO BUILDERS AND DEVELOPERS.] The agency may not make available, provide set-asides, or commit to make available proceeds of mortgage bonds for the exclusive use of builders or developers for loans to eligible purchasers for new housing except for new housing described in subdivision 2, ~~clauses (1) and (2)~~. This prohibition is in effect for the total origination period.

Sec. 4. Minnesota Statutes 1998, section 462A.205, subdivision 1, is amended to read:

Subdivision 1. [FAMILY STABILIZATION DEMONSTRATION PROJECT.] The agency, in consultation with the department of human services, may establish a rent assistance for family stabilization demonstration project. The purpose of the project is to provide rental assistance to families who, at the time of initial eligibility for rental assistance under this section, were receiving public assistance, and had a caretaker parent ~~participating in a self-sufficiency program~~ who was complying with the parent's job search support plan or employment plan and at least one minor child and to provide rental assistance to families who, at the time of initial eligibility for rental assistance under this section, were receiving public assistance, and had a caretaker parent who had earned income and with at least one minor child. The demonstration project is limited to counties with high average housing costs. The program must offer two options: a voucher option and a project-based voucher option. The funds may be distributed on a request for proposal basis.

Sec. 5. Minnesota Statutes 1998, section 462A.205, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them.

(a) "Caretaker parent" means a parent, relative caretaker, or minor caretaker as defined by the aid to families with dependent children program, sections 256.72 to 256.87, or its successor program.

(b) "County agency" means the agency designated by the county board to implement financial assistance for current public assistance programs and for the Minnesota family investment program statewide.

(c) "Counties with high average housing costs" means counties whose average federal section 8 fair market rents as determined by the Department of Housing and Urban Development are in the highest one-third of average rents in the state.

(d) "Designated rental property" is rental property (1) that is made available by a self-sufficiency program for use by participating families and meets federal section 8 existing quality standards, or (2) that has received federal, state, or local rental rehabilitation assistance since January 1, 1987, and meets federal section 8 existing housing quality standards.

(e) "Earned income" for a family receiving rental assistance under this section means cash or in-kind income earned through the receipt of wages, salary, commissions, profit from employment activities, net profit from self-employment activities, payments made by an employer for regularly accrued vacation or sick leave, and any other profit from activity earned through effort or labor.

(f) "Employment and training service provider" means a provider as defined in chapter 256J.

(g) "Employment plan" means a plan as defined in chapter 256J.

(h) "Family or participating family" means a family that at the time it begins receiving rent assistance has at least one member who is a recipient of public assistance, and:

(1) a family with a caretaker parent who is ~~participating in a self-sufficiency program~~ complying with the parent's job search support plan or employment plan and with at least one minor child;

(2) a family that, at the time it began receiving rent assistance under this section, had a caretaker parent ~~participating in a self-sufficiency program~~ complying with the parent's job search support plan or employment plan and had at least one minor child;

(3) a family with a caretaker parent who is receiving public assistance and has earned income and with at least one minor child; or

(4) a family that, at the time it began receiving rent assistance under this section, had a caretaker parent who had earned income and at least one minor child.

~~(g)~~ (i) "Gross family income" for a family receiving rental assistance under this section means the gross amount of the wages, salaries, social security payments, pensions, workers' compensation, reemployment insurance, the cash assistance portion of public assistance payments, alimony, and child support, ~~and income from assets received by the family.~~

~~(h)~~ (j) "Local housing organization" means the agency of local government responsible for administering the Department of Housing and Urban Development's section 8 existing voucher and certificate program or a nonprofit or for-profit organization experienced in housing management.

(k) "Public assistance" means aid to families with dependent children, or its successor program, family general assistance, or its successor program, or family work readiness, or its successor program.

(j) "~~Self-sufficiency program~~" means a program operated by an employment and training service provider as defined in chapter 256J, an employability program administered by a community action agency, or courses of study at an accredited institution of higher education pursued with at least half-time student status.

Sec. 6. Minnesota Statutes 1998, section 462A.205, subdivision 5, is amended to read:

Subd. 5. [VOUCHER OPTION.] At least one-half of the appropriated funds must be made available for a voucher option. Under the voucher option, the Minnesota housing finance agency, in consultation with the department of human services, will award a number of vouchers to ~~self-sufficiency program administrators~~ employment and training service providers for participating families ~~and to county agencies for participating families with earned income~~. Families may use the voucher for any rental housing that is certified by the local housing organization as meeting section 8 existing housing quality standards.

Sec. 7. Minnesota Statutes 1998, section 462A.205, subdivision 6, is amended to read:

Subd. 6. [PROJECT-BASED VOUCHER OPTION.] A portion of the appropriated funds must be made available for a project-based voucher option. Under the project-based voucher option, the Minnesota housing finance agency, in consultation with the department of human services, will award a number of vouchers to ~~self-sufficiency program administrators and to county agencies~~ employment and training service providers for participating families who live in designated rental property that is certified by a local housing organization as meeting section 8 existing housing quality standards.

Sec. 8. Minnesota Statutes 1998, section 462A.205, subdivision 9, is amended to read:

Subd. 9. [VOUCHERS FOR FAMILIES WITH A CARETAKER PARENT WITH EARNED INCOME.] (a) Applications to provide the rental assistance for families with a caretaker parent with earned income under either the voucher or project-based option must be submitted jointly by a local housing organization and ~~a county agency~~ an employment and training service provider. The application must include a description of how the caretaker parent participants will be selected.

(b) ~~County agencies~~ Employment and training service providers awarded vouchers must select the caretaker parents with earned income whose families will receive the rental assistance. The ~~county agency~~ employment and training service provider must notify the local housing organization and the agency if:

(1) at the time of annual recertification, the caretaker parent no longer has earned income and is not in compliance with the caretaker parent's employment plan or job search plan; and

(2) for a period of six months after the annual recertification, the caretaker parent has no earned income and has failed to comply with the job search support plan or employment plan.

(c) The ~~county agency~~ local housing organization must provide the caretaker parent who, at the time of annual recertification, has no earned income and is not in compliance with the job search support plan or employment plan with the notice specified in Minnesota Rules, part 4900.3379. The ~~county agency~~ local housing organization must send a subsequent notice to the caretaker parent, ~~the local housing organization~~, and the Minnesota housing finance agency 60 days before the termination of rental assistance.

(d) If the local housing organization receives notice from ~~a county agency~~ an employment and training service provider that a caretaker parent whose initial eligibility for rental assistance was based on the receipt of earned income no longer has earned income and for a period of six months after the ~~termination of earned income~~ annual recertification has failed to comply with the caretaker parent's job search plan or employment plan, the local housing organization must notify the property owner that rental assistance may terminate and notify the caretaker parent of the termination of rental assistance under Minnesota Rules, part 4900.3380.

(e) The ~~county agency employment and training service provider~~ awarded vouchers for families with a caretaker parent with earned income must comply with the provisions of Minnesota Rules, part 4900.3377.

(f) For families whose initial eligibility for rental assistance was based on the receipt of earned income, rental assistance must be terminated under any of the following conditions:

- (1) the family is evicted from the property for cause;
- (2) the caretaker parent no longer has earned income and, ~~after~~ six months after an annual recertification, is not in compliance with the parent's job search or employment plan;
- (3) 30 percent of the family's gross income equals or exceeds the amount of the housing costs for two or more consecutive months;
- (4) the family has received rental assistance under this section for a 36-month period; or
- (5) the rental unit no longer meets federal section 8 existing housing quality standards, the owner refused to make necessary repairs or alterations to bring the rental unit into compliance within a reasonable time, and the caretaker parent refused to relocate to a qualifying unit.

(g) If ~~a county agency an employment and training service provider~~ determines that a caretaker parent no longer has earned income and is not in compliance with the parent's job search or employment plan, the ~~county agency employment and training service provider~~ must notify the caretaker parent of that determination. The notice must be in writing and must explain the effect of not having earned income or failing to be in compliance with the job search or employment plan will have on the rental assistance. The notice must:

- (1) state that rental assistance will end six months after ~~earned income has ended~~ an annual recertification;
- (2) specify the date the rental assistance will end;
- (3) explain that after the date specified, the caretaker parent will be responsible for the total housing costs;
- (4) describe the actions the caretaker parent may take to avoid termination of rental assistance; and
- (5) inform the caretaker parent of the caretaker parent's responsibility to notify the ~~county agency employment and training service provider~~ if the caretaker parent has earned income.

Sec. 9. Minnesota Statutes 1998, section 462A.206, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZATION.] The agency may make grants or loans to cities or nonprofit organizations for the purposes of construction, acquisition, rehabilitation, demolition, permanent financing, refinancing, construction financing, gap financing of single ~~or multifamily~~ housing, or full cycle home ownership services, as defined in section 462A.209, subdivision 2. Gap financing is financing for the difference between the cost of the improvement of the blighted property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale. The agency shall take into account the amount of money that the city or nonprofit organization leverages from other sources in awarding grants and loans. The agency shall also consider the extent to which the grant or loan recipient will coordinate use of the funds with its other housing-related efforts or other housing-related efforts in the recipient's geographic area. The city or nonprofit organization must indicate in its application how the proposed project is consistent with the consolidated housing plan. Not less than ten days before submitting its application to the agency, a nonprofit organization must notify the city in which the project will be located of its intent to apply for funds. The city may submit to the agency its written comments on the nonprofit organization's application and the agency shall consider the city's comments in reviewing the application. Cities and nonprofit organizations may use the grants and loans to establish revolving loan funds and to provide grants and loans to eligible mortgagors. The city or nonprofit organization may determine the terms and conditions of the grants and loans. An agency loan may only be used by a city or nonprofit organization to make loans.

Sec. 10. Minnesota Statutes 1998, section 462A.21, is amended by adding a subdivision to read:

Subd. 25. [CONSUMER-OWNED HOUSING REVOLVING ACCOUNT.] The agency may create a consumer-owned housing revolving account: (1) to assist in paying delinquent mortgage payments of persons participating in the federal National Mortgage Association pilot program for homeownership of persons with disabilities; or (2) for other activities that support homeownership activities for persons with disabilities.

Sec. 11. Minnesota Statutes 1998, section 462A.222, subdivision 3, is amended to read:

Subd. 3. [ALLOCATION PROCEDURE.] (a) Projects will be awarded tax credits in ~~three~~ two competitive rounds on an annual basis. The date for applications for each round must be determined by the agency. No allocating agency may award tax credits prior to the application dates established by the agency.

(b) Each allocating agency must meet the requirements of section 42(m) of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the allocation of tax credits and the selection of projects.

(c) For projects that are eligible for an allocation of credits pursuant to section 42(h)(4) of the Internal Revenue Code of 1986, as amended, tax credits may only be allocated if the project satisfies the requirements of the allocating agency's qualified allocation plan. For projects that are eligible for an allocation of credits pursuant to section 42(h)(4) of the Internal Revenue Code of 1986, as amended, for which the agency is the issuer of the bonds for the project, or the issuer of the bonds for the project is located outside the jurisdiction of a city or county that has received reserved tax credits, the applicable allocation plan is the agency's qualified allocation plan.

(d) For applications submitted for the first round, an allocating agency may allocate tax credits only to the following types of projects:

(1) in the metropolitan area:

(i) new construction or substantial rehabilitation of projects in which, for the term of the extended use period, at least 75 percent of the total tax credit units are single-room occupancy, efficiency, or one bedroom units and which are affordable by households whose income does not exceed 30 percent of the median income;

(ii) new construction or substantial rehabilitation family housing projects that are not restricted to persons who are 55 years of age or older and in which, for the term of the extended use period, at least 75 percent of the tax credit units contain two or more bedrooms and at least one-third of the 75 percent contain three or more bedrooms; or

(iii) substantial rehabilitation projects in neighborhoods targeted by the city for revitalization;

(2) outside the metropolitan area, projects which meet a locally identified housing need and which are in short supply in the local housing market as evidenced by credible data submitted with the application;

(3) projects that are not restricted to persons of a particular age group and in which, for the term of the extended use period, a percentage of the units are set aside and rented to persons:

(i) with a serious and persistent mental illness as defined in section 245.462, subdivision 20, paragraph (c);

(ii) with a developmental disability as defined in United States Code, title 42, section 6001, paragraph (5), as amended through December 31, 1990;

(iii) who have been assessed as drug dependent persons as defined in section 254A.02, subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in section 254A.02, subdivision 2;

(iv) with a brain injury as defined in section 256B.093, subdivision 4, paragraph (a); or

(v) with permanent physical disabilities that substantially limit one or more major life activities, if at least 50 percent of the units in the project are accessible as provided under Minnesota Rules, chapter 1340;

(4) projects, whether or not restricted to persons of a particular age group, which preserve existing subsidized housing, if the use of tax credits is necessary to prevent conversion to market rate use or to remedy physical deterioration of the project which would result in loss of existing federal subsidies; or

(5) projects financed by the Farmers Home Administration, or its successor agency, which meet statewide distribution goals.

(e) Before the date for applications for the ~~second final~~ round, the allocating agencies other than the agency shall return all uncommitted and unallocated tax credits to ~~the pool from which they were allocated, along with copies of any allocation or commitment. In the second round, the agency shall allocate the remaining credits from the regional pools to projects from the respective regions~~ a unified pool for allocation by the agency on a statewide basis.

(f) ~~In the third round, all unallocated tax credits must be transferred to a unified pool for allocation by the agency on a statewide basis.~~

~~(g)~~ Unused portions of the state ceiling for low-income housing tax credits reserved to cities and counties for allocation may be returned at any time to the agency for allocation.

~~(h)~~ (g) If an allocating agency determines, at any time after the initial commitment or allocation for a specific project, that a project is no longer eligible for all or a portion of the low-income housing tax credits committed or allocated to the project, the credits must be transferred to the agency to be reallocated pursuant to the procedures established in paragraphs (e) to (g); provided that if the tax credits for which the project is no longer eligible are from the current year's annual ceiling and the allocating agency maintains a waiting list, the allocating agency may continue to commit or allocate the credits until not later than ~~October 1~~ the date of applications for the final round, at which time any uncommitted credits must be transferred to the agency.

Sec. 12. Minnesota Statutes 1998, section 462A.223, subdivision 2, is amended to read:

Subd. 2. [DESIGNATED AGENCY.] The agency is designated as a housing credit agency to allocate the portion of the state ceiling for low-income housing tax credits (1) not reserved to cities and counties under section 462A.222; (2) not accepted for allocation by eligible cities and counties; (3) returned to the agency for allocation; and (4) not otherwise reserved to the agency for allocation under subdivision 1. Low-income housing tax credits shall be allocated by the agency as provided in section 462A.222. The agency shall make no allocation for projects located within the jurisdiction of the cities or counties that have received tax credits under section 462A.222, subdivision 1, except from the percentage set-aside for projects involving a qualified nonprofit organization as provided under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1989, until the amounts reserved to the cities and counties for allocation have been allocated or committed or returned to the agency for allocation. In order that all of a project's credits are allocated by a single allocating agency, the agency may ~~reserve~~ apportion additional tax credits to a city or county that has received tax credits under section 462A.222, subdivision 1, for a project that has already received a commitment or allocation of tax credits from an eligible city or county, if all of the tax credits reserved to the eligible city or county have been committed or allocated. A city or county that has received tax credits under section 462A.222, subdivision 1, may apportion tax credits to the agency for a project located within the jurisdiction of the city or county.

Sec. 13. [EQUITY TAKE-OUT LOANS.]

(a) The agency may make equity take-out loans to owners of federally assisted rental property who agree to participate in the federal assistance program but extend the low-income affordability restrictions on the housing for less than the maximum term of the federal assistance contract if:

(1) fewer than 30 percent of the units in the rental property are federally assisted; and

(2) the units, in the agency's judgment, are at risk of conversion to market rate housing.

(b) This section expires August 1, 2001.

Sec. 14. [REPEALER.]

Minnesota Statutes 1998, section 462A.073, subdivision 3, is repealed.

Sec. 15. [EFFECTIVE DATE.]

Sections 2, 3, 11, 12, and 14 are effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to housing; housing finance agency; authorizing agency to make home improvement loans where debt to value ratio is up to 110 percent; authorizing agency to make equity take-out loans to owners of federally subsidized housing under certain circumstances; allowing participants to receive rental assistance for family stabilization for up to 36 months; clarifying purposes for which community rehabilitation funds may be used; establishing account to provide homeownership opportunities for disabled; modifying low-income housing credits; amending Minnesota Statutes 1998, sections 462A.05, subdivision 14; 462A.073, subdivisions 2 and 4; 462A.205, subdivisions 1, 2, 5, 6, and 9; 462A.206, subdivision 2; 462A.21, by adding a subdivision; 462A.222, subdivision 3; and 462A.223, subdivision 2; repealing Minnesota Statutes 1998, section 462A.073, subdivision 3."

The motion prevailed and the amendment was adopted.

S. F. No. 1821, A bill for an act relating to housing; modifying provision for amending zoning ordinance by cities of the first class; modifying housing finance agency provisions; authorizing agency to make equity take-out loans to owners of federally subsidized housing under certain circumstances; allowing participants to receive rental assistance for family stabilization for up to 60 months; clarifying purposes for which community rehabilitation funds may be used; establishing account to provide homeownership opportunities for disabled; modifying low-income housing credits; amending Minnesota Statutes 1998, sections 462.357, subdivision 5; 462A.073, subdivision 2; 462A.205, subdivisions 1, 2, 5, 6, and 9; 462A.206, subdivision 2; 462A.21, by adding a subdivision; 462A.222, subdivision 3; and 462A.223, subdivision 2; repealing Minnesota Statutes 1998, section 462A.073, subdivision 3.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Buesgens	Dempsey	Gleason	Hasskamp	Juhnke
Abrams	Carlson	Dorman	Goodno	Hausman	Kahn
Anderson, B.	Carruthers	Dorn	Gray	Hilty	Kalis
Anderson, I.	Cassell	Entenza	Greenfield	Holberg	Kelliher
Bakk	Chaudhary	Erhardt	Greiling	Holsten	Kielkucki
Biernat	Clark, J.	Erickson	Gunther	Howes	Knoblach
Bishop	Clark, K.	Finseth	Haake	Huntley	Koskinen
Boudreau	Daggett	Folliard	Haas	Jaros	Krinkie
Bradley	Dawkins	Fuller	Hackbarth	Jennings	Kubly
Broecker	Dehler	Gerlach	Harder	Johnson	Kuisle

Larsen, P.	McGuire	Osthoff	Rukavina	Swenson	Westerberg
Larson, D.	Milbert	Otremba	Schumacher	Sykora	Westfall
Leighton	Molnau	Ozment	Seagren	Tingelstad	Westrom
Lenczewski	Mulder	Paulsen	Seifert, J.	Tomassoni	Wilkin
Leppik	Mullery	Pawlenty	Seifert, M.	Trimble	Winter
Lieder	Murphy	Paymar	Skoe	Tuma	Wolf
Lindner	Ness	Pelowski	Skoglund	Tunheim	Workman
Luther	Nornes	Pugh	Smith	Van Dellen	Spk. Sviggum
Mahoney	Olson	Rest	Solberg	Vandev eer	
Mares	Opatz	Reuter	Stanek	Wagenius	
Mariani	Orfield	Rifenberg	Stang	Wejcman	
McElroy	Osskopp	Rostberg	Storm	Wenzel	

The bill was passed, as amended, and its title agreed to.

H. F. No. 180 was reported to the House.

Wolf and Carruthers moved to amend H. F. No. 180, the first engrossment, as follows:

Page 2, line 14, delete "CODE OF CONDUCT" and insert "SAFETY RULES"

Page 2, line 17, delete everything after "agent." and insert "The safety rules shall include that the rider shall not:

(1) Get on or off an amusement ride except at the designated time and area unless instructed by the operator.

(2) Disconnect any safety device provided for the ride except as directed by the operator.

(3) Ride under the influence of any alcohol or drug affecting your ability to safely use the amusement ride or follow instructions.

(4) Interfere with the safe operation of the ride.

(5) Behave in an unsafe manner.

Each rider must:

(1) Use all safety devices provided for the ride.

(2) Read all safety signs and follow all warnings and restrictions (height, medical, etc.) for the ride.

(3) Report any injuries before leaving the premises."

Page 2, delete lines 18 to 35

Pages 2 and 3, delete subdivisions 3 and 4

Renumber the subdivisions in sequence

Page 4, line 6, delete "guidelines" and insert "rules" and delete "if any;" and insert "set forth in section 184B.061, subdivision 2;"

Page 4, delete lines 9 to 12 and insert:

"(5) a requirement that riders report injuries before leaving the premises."

Tomassoni moved to amend the Wolf and Carruthers amendment to H. F. No. 180, the first engrossment, as follows:

Page 2, line 4, delete "a requirement" and insert "recommend"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 57 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Fuller	Johnson	Lieder	Otremba	Tomassoni
Bakk	Gleason	Juhnke	Luther	Paymar	Trimble
Biernat	Gray	Kahn	Mahoney	Pelowski	Tunheim
Carlson	Greenfield	Kalis	Mariani	Pugh	Wagenius
Chaudhary	Greiling	Kelliher	McGuire	Reuter	Wejcman
Clark, K.	Hasskamp	Kubly	Milbert	Rukavina	Wenzel
Dawkins	Hausman	Larson, D.	Murphy	Schumacher	Winter
Dorn	Hilty	Leighton	Opatz	Skoe	
Entenza	Huntley	Lenczewski	Orfield	Skoglund	
Folliard	Jaros	Leppik	Osthoff	Solberg	

Those who voted in the negative were:

Abeler	Dempsey	Holberg	Molnau	Seifert, J.	Westerberg
Abrams	Dorman	Holsten	Mulder	Seifert, M.	Westfall
Anderson, B.	Erhardt	Howes	Ness	Smith	Westrom
Bishop	Erickson	Jennings	Nornes	Stanek	Wilkin
Boudreau	Finseth	Kielkucki	Olson	Stang	Wolf
Bradley	Gerlach	Knoblach	Osskopp	Storm	Workman
Broecker	Goodno	Krinkie	Ozment	Swenson	Spk. Sviggum
Buesgens	Gunther	Kuisle	Paulsen	Sykora	
Cassell	Haake	Larsen, P.	Pawlenty	Tingelstad	
Clark, J.	Haas	Lindner	Rifenberg	Tuma	
Daggett	Hackbarth	Mares	Rostberg	Van Dellen	
Dehler	Harder	McElroy	Seagren	Vandever	

The motion did not prevail and the amendment to the amendment was not adopted.

Tomassoni moved to amend the Wolf and Carruthers amendment to H. F. No. 180, the first engrossment, as follows:

Page 1, delete lines 18 to 20

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 60 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Fuller	Kahn	Luther	Otremba	Smith
Bakk	Gleason	Kalis	Mahoney	Paymar	Solberg
Biernat	Gray	Kelliher	Mariani	Pelowski	Tomassoni
Carlson	Greenfield	Koskinen	McGuire	Pugh	Trimble
Chaudhary	Greiling	Larson, D.	Milbert	Rest	Tunheim
Clark, K.	Hausman	Leighton	Mullery	Reuter	Wagenius
Dawkins	Hilty	Lenczewski	Murphy	Rukavina	Wejcman
Dorn	Jaros	Leppik	Opatz	Schumacher	Wenzel
Entenza	Johnson	Lieder	Orfield	Skoe	Wilkin
Folliard	Juhnke	Lindner	Osthoff	Skoglund	Winter

Those who voted in the negative were:

Abeler	Dehler	Harder	Larsen, P.	Rifenberg	Van Dellen
Abrams	Dempsey	Hasskamp	Mares	Rostberg	Vanderveer
Anderson, B.	Dorman	Holberg	McElroy	Seagren	Westerberg
Bishop	Erhardt	Holsten	Molnau	Seifert, J.	Westfall
Boudreau	Erickson	Howes	Mulder	Seifert, M.	Westrom
Bradley	Finseth	Huntley	Ness	Stanek	Wolf
Broecker	Gerlach	Jennings	Nornes	Stang	Workman
Buesgens	Goodno	Kielkucki	Olson	Storm	Spk. Sviggum
Carruthers	Gunther	Knoblach	Osskopp	Swenson	
Cassell	Haake	Krinkie	Ozment	Sykora	
Clark, J.	Haas	Kubly	Paulsen	Tingelstad	
Daggett	Hackbarth	Kuisle	Pawlenty	Tuma	

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Wolf and Carruthers amendment to H. F. No. 180, the first engrossment. The motion prevailed and the amendment was adopted.

H. F. No. 180, A bill for an act relating to commerce; regulating the safety of persons on amusement rides; amending Minnesota Statutes 1998, section 184B.01, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 184B.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 72 yeas and 56 nays as follows:

Those who voted in the affirmative were:

Abeler	Boudreau	Carruthers	Dehler	Erhardt	Gerlach
Abrams	Bradley	Cassell	Dempsey	Erickson	Goodno
Anderson, B.	Broecker	Clark, J.	Dorman	Finseth	Gunther
Bishop	Buesgens	Daggett	Entenza	Fuller	Haake

Haas	Kielkucki	McElroy	Paulsen	Smith	Vandever
Hackbarth	Knoblach	Molnau	Pawlenty	Stanek	Westerberg
Harder	Krinkie	Mulder	Reuter	Stang	Westfall
Hasskamp	Kuisle	Ness	Rifenberg	Storm	Westrom
Holberg	Larsen, P.	Nornes	Rostberg	Swenson	Wilkin
Holsten	Lindner	Olson	Seagren	Sykora	Wolf
Howes	Mahoney	Osskopp	Seifert, J.	Tingelstad	Workman
Jennings	Mares	Ozment	Skoe	Tuma	Spk. Sviggum

Those who voted in the negative were:

Anderson, I.	Gray	Kalis	Mariani	Pelowski	Tunheim
Bakk	Greenfield	Kelliher	McGuire	Pugh	Van Dellen
Biernat	Greiling	Koskinen	Milbert	Rest	Wagenius
Carlson	Hausman	Kubly	Mullery	Rukavina	Wejcmán
Chaudhary	Hilty	Larson, D.	Murphy	Schumacher	Wenzel
Clark, K.	Huntley	Leighton	Opatz	Seifert, M.	Winter
Dawkins	Jaros	Lenczewski	Orfield	Skoglund	
Dorn	Johnson	Leppik	Osthoff	Solberg	
Folliard	Juhnke	Lieder	Otremba	Tomassoni	
Gleason	Kahn	Luther	Paymar	Trimble	

The bill was passed, as amended, and its title agreed to.

S. F. No. 1219 was reported to the House.

Goodno moved to amend S. F. No. 1219 as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 62D.11, subdivision 1, is amended to read:

Subdivision 1. [ENROLLEE COMPLAINT SYSTEM.] Every health maintenance organization shall establish and maintain a complaint system, as required under ~~section 62Q.105~~ sections 62Q.68 to 62Q.72 to provide reasonable procedures for the resolution of written complaints initiated by or on behalf of enrollees concerning the provision of health care services. ~~"Provision of health services" includes, but is not limited to, questions of the scope of coverage, quality of care, and administrative operations. The health maintenance organization must inform enrollees that they may choose to use arbitration to appeal a health maintenance organization's internal appeal decision. The health maintenance organization must also inform enrollees that they have the right to use arbitration to appeal a health maintenance organization's internal appeal decision not to certify an admission, procedure, service, or extension of stay under section 62M.06. If an enrollee chooses to use arbitration, the health maintenance organization must participate.~~

Sec. 2. Minnesota Statutes 1998, section 62M.01, is amended to read:

62M.01 [CITATION, JURISDICTION, AND SCOPE.]

Subdivision 1. [POPULAR NAME.] Sections 62M.01 to 62M.16 may be cited as the "Minnesota Utilization Review Act of 1992."

Subd. 2. [JURISDICTION.] Sections 62M.01 to 62M.16 apply to any insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network licensed under chapter 62N; an accountable provider network operating under chapter 62T; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended; a third party administrator licensed under section 60A.23, subdivision 8, that provides utilization review services for the administration of benefits under a health benefit plan as defined in section 62M.02; or any entity performing utilization review on behalf of a business entity in this state pursuant to a health benefit plan covering a Minnesota resident.

Subd. 3. [SCOPE.] ~~Sections 62M.02, 62M.07, and 62M.09, subdivision 4, apply to prior authorization of services.~~ Nothing in sections 62M.01 to 62M.16 applies to review of claims after submission to determine eligibility for benefits under a health benefit plan. The appeal procedure described in section 62M.06 applies to any complaint as defined under section 62Q.68, subdivision 2, that requires a medical determination in its resolution.

Sec. 3. Minnesota Statutes 1998, section 62M.02, subdivision 3, is amended to read:

Subd. 3. [ATTENDING DENTIST.] "Attending dentist" means the dentist with primary responsibility for the dental care provided to ~~a patient~~ an enrollee.

Sec. 4. Minnesota Statutes 1998, section 62M.02, subdivision 4, is amended to read:

Subd. 4. [ATTENDING ~~PHYSICIAN~~ HEALTH CARE PROFESSIONAL.] "Attending ~~physician~~ health care professional" means the ~~physician~~ health care professional with primary responsibility for the care provided to ~~a patient in a hospital or other health care facility~~ an enrollee and shall include only physicians; chiropractors; dentists; mental health professionals as defined in section 245.462, subdivision 18, or section 245.4871, subdivision 27; podiatrists; and advanced practice nurses.

Sec. 5. Minnesota Statutes 1998, section 62M.02, subdivision 5, is amended to read:

Subd. 5. [CERTIFICATION.] "Certification" means a determination by a utilization review organization that an admission, extension of stay, or other health care service has been reviewed and that it, based on the information provided, meets the utilization review requirements of the applicable health plan and the health ~~carrier~~ plan company will then pay for the covered benefit, provided the preexisting limitation provisions, the general exclusion provisions, and any deductible, copayment, coinsurance, or other policy requirements have been met.

Sec. 6. Minnesota Statutes 1998, section 62M.02, subdivision 6, is amended to read:

Subd. 6. [CLAIMS ADMINISTRATOR.] "Claims administrator" means an entity that reviews and determines whether to pay claims to enrollees, ~~physicians, hospitals, or others~~ or providers based on the contract provisions of the health plan contract. Claims administrators may include insurance companies licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network licensed under chapter 62N; an accountable provider network operating under chapter 62T; a fraternal benefit society operating under chapter 64B; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended.

Sec. 7. Minnesota Statutes 1998, section 62M.02, subdivision 7, is amended to read:

Subd. 7. [CLAIMANT.] "Claimant" means the enrollee ~~or covered person~~ who files a claim for benefits or a provider of services who, pursuant to a contract with a claims administrator, files a claim on behalf of an enrollee or covered person.

Sec. 8. Minnesota Statutes 1998, section 62M.02, subdivision 9, is amended to read:

Subd. 9. [CONCURRENT REVIEW.] "Concurrent review" means utilization review conducted during ~~a patient's~~ an enrollee's hospital stay or course of treatment and has the same meaning as continued stay review.

Sec. 9. Minnesota Statutes 1998, section 62M.02, subdivision 10, is amended to read:

Subd. 10. [DISCHARGE PLANNING.] "Discharge planning" means the process that assesses ~~a patient's~~ an enrollee's need for treatment after hospitalization in order to help arrange for the necessary services and resources to effect an appropriate and timely discharge.

Sec. 10. Minnesota Statutes 1998, section 62M.02, subdivision 11, is amended to read:

Subd. 11. [ENROLLEE.] "Enrollee" means an individual ~~who has elected to contract for, or participate in, a health benefit plan for enrollee coverage or for dependent coverage covered by a health benefit plan and includes an insured policyholder, subscriber contract holder, member, covered person, or certificate holder.~~

Sec. 11. Minnesota Statutes 1998, section 62M.02, subdivision 12, is amended to read:

Subd. 12. [HEALTH BENEFIT PLAN.] "Health benefit plan" means a policy, contract, or certificate issued by a health ~~carrier to an employer or individual~~ plan company for the coverage of medical, dental, or hospital benefits. A health benefit plan does not include coverage that is:

- (1) limited to disability or income protection coverage;
- (2) automobile medical payment coverage;
- (3) supplemental to liability insurance;
- (4) designed solely to provide payments on a per diem, fixed indemnity, or nonexpense incurred basis;
- (5) credit accident and health insurance issued under chapter 62B;
- (6) blanket accident and sickness insurance as defined in section 62A.11;
- (7) accident only coverage issued by a licensed and tested insurance agent; or
- (8) workers' compensation.

Sec. 12. Minnesota Statutes 1998, section 62M.02, is amended by adding a subdivision to read:

Subd. 12a. [HEALTH PLAN COMPANY.] "Health plan company" means a health plan company as defined in section 62Q.01, subdivision 4, and includes an accountable provider network operating under chapter 62T.

Sec. 13. Minnesota Statutes 1998, section 62M.02, subdivision 17, is amended to read:

Subd. 17. [PROVIDER.] "Provider" means a licensed health care facility, physician, or other health care professional that delivers health care services to an enrollee ~~or covered person.~~

Sec. 14. Minnesota Statutes 1998, section 62M.02, subdivision 20, is amended to read:

Subd. 20. [UTILIZATION REVIEW.] "Utilization review" means the evaluation of the necessity, appropriateness, and efficacy of the use of health care services, procedures, and facilities, by a person or entity other than the attending ~~physician~~ health care professional, for the purpose of determining the medical necessity of the service or

admission. Utilization review also includes review conducted after the admission of the enrollee. It includes situations where the enrollee is unconscious or otherwise unable to provide advance notification. ~~Utilization review does not include the imposition of a requirement that services be received by or upon referral from a participating provider.~~

Sec. 15. Minnesota Statutes 1998, section 62M.02, subdivision 21, is amended to read:

Subd. 21. [UTILIZATION REVIEW ORGANIZATION.] "Utilization review organization" means an entity including but not limited to an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network licensed under chapter 62N; an accountable provider network operating under chapter 62T; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended; a third party administrator licensed under section 60A.23, subdivision 8, which conducts utilization review and determines certification of an admission, extension of stay, or other health care services for a Minnesota resident; or any entity performing utilization review that is affiliated with, under contract with, or conducting utilization review on behalf of, a business entity in this state.

Sec. 16. Minnesota Statutes 1998, section 62M.03, subdivision 1, is amended to read:

Subdivision 1. [LICENSED UTILIZATION REVIEW ORGANIZATION.] Beginning January 1, 1993, any organization that meets the definition of utilization review organization in section 62M.02, subdivision 21, must be licensed under chapter 60A, 62C, 62D, 62N, 62T, or 64B, or registered under this chapter and must comply with sections 62M.01 to 62M.16 and section 72A.201, subdivisions 8 and 8a. Each licensed community integrated service network or health maintenance organization that has an employed staff model of providing health care services shall comply with sections 62M.01 to 62M.16 and section 72A.201, subdivisions 8 and 8a, for any services provided by providers under contract.

Sec. 17. Minnesota Statutes 1998, section 62M.03, subdivision 3, is amended to read:

Subd. 3. [PENALTIES AND ENFORCEMENTS.] If a utilization review organization fails to comply with sections 62M.01 to 62M.16, the organization may not provide utilization review services for any Minnesota resident. The commissioner of commerce may issue a cease and desist order under section 45.027, subdivision 5, to enforce this provision. The cease and desist order is subject to appeal under chapter 14. A nonlicensed utilization review organization that fails to comply with the provisions of sections 62M.01 to 62M.16 is subject to all applicable penalty and enforcement provisions of section 72A.201. Each utilization review organization licensed under chapter 60A, 62C, 62D, 62N, 62T, or 64B shall comply with sections 62M.01 to 62M.16 as a condition of licensure.

Sec. 18. Minnesota Statutes 1998, section 62M.04, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITY FOR OBTAINING CERTIFICATION.] A health benefit plan that includes utilization review requirements must specify the process for notifying the utilization review organization in a timely manner and obtaining certification for health care services. Each health plan company must provide a clear and concise description of this process to an enrollee as part of the policy, subscriber contract, or certificate of coverage. In addition to the enrollee, the utilization review organization must allow any ~~licensed hospital, physician or the physician's provider or provider's~~ designee, or responsible patient representative, including a family member, to fulfill the obligations under the health plan.

A claims administrator that contracts directly with providers for the provision of health care services to enrollees may, through contract, require the provider to notify the review organization in a timely manner and obtain certification for health care services.

Sec. 19. Minnesota Statutes 1998, section 62M.04, subdivision 2, is amended to read:

Subd. 2. [INFORMATION UPON WHICH UTILIZATION REVIEW IS CONDUCTED.] If the utilization review organization is conducting routine prospective and concurrent utilization review, utilization review organizations must collect only the information necessary to certify the admission, procedure of treatment, and length of stay.

(a) Utilization review organizations may request, but may not require, ~~hospitals, physicians, or other~~ providers to supply numerically encoded diagnoses or procedures as part of the certification process.

(b) Utilization review organizations must not routinely request copies of medical records for all patients reviewed. In performing prospective and concurrent review, copies of the pertinent portion of the medical record should be required only when a difficulty develops in certifying the medical necessity or appropriateness of the admission or extension of stay.

(c) Utilization review organizations may request copies of medical records retrospectively for a number of purposes, including auditing the services provided, quality assurance review, ensuring compliance with the terms of either the health benefit plan or the provider contract, and compliance with utilization review activities. Except for reviewing medical records associated with an appeal or with an investigation or audit of data discrepancies, ~~health care~~ providers must be reimbursed for the reasonable costs of duplicating records requested by the utilization review organization for retrospective review unless otherwise provided under the terms of the provider contract.

Sec. 20. Minnesota Statutes 1998, section 62M.04, subdivision 3, is amended to read:

Subd. 3. [DATA ELEMENTS.] Except as otherwise provided in sections 62M.01 to 62M.16, for purposes of certification a utilization review organization must limit its data requirements to the following elements:

(a) Patient information that includes the following:

- (1) name;
- (2) address;
- (3) date of birth;
- (4) sex;
- (5) social security number or patient identification number;
- (6) name of health ~~carrier~~ plan company or health plan; and
- (7) plan identification number.

(b) Enrollee information that includes the following:

- (1) name;
- (2) address;
- (3) social security number or employee identification number;
- (4) relation to patient;
- (5) employer;

- (6) health benefit plan;
 - (7) group number or plan identification number; and
 - (8) availability of other coverage.
- (c) Attending ~~physician or provider~~ health care professional information that includes the following:
- (1) name;
 - (2) address;
 - (3) telephone numbers;
 - (4) degree and license;
 - (5) specialty or board certification status; and
 - (6) tax identification number or other identification number.
- (d) Diagnosis and treatment information that includes the following:
- (1) primary diagnosis with associated ICD or DSM coding, if available;
 - (2) secondary diagnosis with associated ICD or DSM coding, if available;
 - (3) tertiary diagnoses with associated ICD or DSM coding, if available;
 - (4) proposed procedures or treatments with ICD or associated CPT codes, if available;
 - (5) surgical assistant requirement;
 - (6) anesthesia requirement;
 - (7) proposed admission or service dates;
 - (8) proposed procedure date; and
 - (9) proposed length of stay.
- (e) Clinical information that includes the following:
- (1) support and documentation of appropriateness and level of service proposed; and
 - (2) identification of contact person for detailed clinical information.
- (f) Facility information that includes the following:
- (1) type;
 - (2) licensure and certification status and DRG exempt status;
 - (3) name;

(4) address;

(5) telephone number; and

(6) tax identification number or other identification number.

(g) Concurrent or continued stay review information that includes the following:

(1) additional days, services, or procedures proposed;

(2) reasons for extension, including clinical information sufficient for support of appropriateness and level of service proposed; and

(3) diagnosis status.

(h) For admissions to facilities other than acute medical or surgical hospitals, additional information that includes the following:

(1) history of present illness;

(2) patient treatment plan and goals;

(3) prognosis;

(4) staff qualifications; and

(5) 24-hour availability of staff.

Additional information may be required for other specific review functions such as discharge planning or catastrophic case management. Second opinion information may also be required, when applicable, to support benefit plan requirements.

Sec. 21. Minnesota Statutes 1998, section 62M.04, subdivision 4, is amended to read:

Subd. 4. [ADDITIONAL INFORMATION.] A utilization review organization may request information in addition to that described in subdivision 3 when there is significant lack of agreement between the utilization review organization and the ~~health care~~ provider regarding the appropriateness of certification during the review or appeal process. For purposes of this subdivision, "significant lack of agreement" means that the utilization review organization has:

(1) tentatively determined through its professional staff that a service cannot be certified;

(2) referred the case to a physician for review; and

(3) talked to or attempted to talk to the attending ~~physician~~ health care professional for further information.

Nothing in sections 62M.01 to 62M.16 prohibits a utilization review organization from requiring submission of data necessary to comply with the quality assurance and utilization review requirements of chapter 62D or other appropriate data or outcome analyses.

Sec. 22. Minnesota Statutes 1998, section 62M.05, is amended to read:

62M.05 [PROCEDURES FOR REVIEW DETERMINATION.]

Subdivision 1. [WRITTEN PROCEDURES.] A utilization review organization must have written procedures to ensure that reviews are conducted in accordance with the requirements of this chapter ~~and section 72A.201, subdivision 4a.~~

Subd. 2. [CONCURRENT REVIEW.] A utilization review organization may review ongoing inpatient stays based on the severity or complexity of the ~~patient's~~ enrollee's condition or on necessary treatment or discharge planning activities. Such review must not be consistently conducted on a daily basis.

Subd. 3. [NOTIFICATION OF DETERMINATIONS.] A utilization review organization must have written procedures for providing notification of its determinations on all certifications in accordance with ~~the following:~~ this section.

Subd. 3a. [STANDARD REVIEW DETERMINATION.] (a) Notwithstanding subdivision 3b, an initial determination on all requests for utilization review must be communicated to the provider and enrollee in accordance with this subdivision within ten business days of the request, provided that all information reasonably necessary to make a determination on the request has been made available to the utilization review organization.

~~(b) When an initial determination is made to certify, notification must be provided promptly by telephone to the provider. The utilization review organization shall send written notification to the hospital, attending physician, or applicable service provider within ten business days of the determination in accordance with section 72A.201, subdivision 4a, provider or shall maintain an audit trail of the determination and telephone notification. For purposes of this subdivision, "audit trail" includes documentation of the telephone notification, including the date; the name of the person spoken to; the enrollee or patient; the service, procedure, or admission certified; and the date of the service, procedure, or admission. If the utilization review organization indicates certification by use of a number, the number must be called the "certification number."~~

~~(b) (c) When a an initial determination is made not to certify a hospital or surgical facility admission or extension of a hospital stay, or other service requiring review determination, notification must be provided by telephone within one working day after making the decision determination to the attending physician health care professional and hospital must be notified by telephone and a written notification must be sent to the hospital, attending physician health care professional, and enrollee or patient. The written notification must include the principal reason or reasons for the determination and the process for initiating an appeal of the determination. Upon request, the utilization review organization shall provide the attending physician or provider or enrollee with the criteria used to determine the necessity, appropriateness, and efficacy of the health care service and identify the database, professional treatment parameter, or other basis for the criteria. Reasons for a determination not to certify may include, among other things, the lack of adequate information to certify after a reasonable attempt has been made to contact the attending physician provider or enrollee.~~

~~(d) When an initial determination is made not to certify, the written notification must inform the enrollee and the attending health care professional of the right to submit an appeal to the internal appeal process described in section 62M.06 and the procedure for initiating the internal appeal.~~

Subd. 3b. [EXPEDITED REVIEW DETERMINATION.] (a) An expedited initial determination must be utilized if the attending health care professional believes that an expedited determination is warranted.

(b) Notification of an expedited initial determination to either certify or not to certify must be provided to the hospital, the attending health care professional, and the enrollee as expeditiously as the enrollee's medical condition requires, but no later than 72 hours from the initial request. When an expedited initial determination is made not to certify, the utilization review organization must also notify the enrollee and the attending health care professional of the right to submit an appeal to the expedited internal appeal as described in section 62M.06 and the procedure for initiating an internal expedited appeal.

Subd. 4. [FAILURE TO PROVIDE NECESSARY INFORMATION.] A utilization review organization must have written procedures to address the failure of a ~~health care provider, patient, or representative of either~~ or enrollee to provide the necessary information for review. If the ~~patient~~ enrollee or provider will not release the necessary information to the utilization review organization, the utilization review organization may deny certification in accordance with its own policy or the policy described in the health benefit plan.

Subd. 5. [NOTIFICATION TO CLAIMS ADMINISTRATOR.] If the utilization review organization and the claims administrator are separate entities, the utilization review organization must forward, electronically or in writing, a notification of certification or determination not to certify to the appropriate claims administrator for the health benefit plan.

Sec. 23. Minnesota Statutes 1998, section 62M.06, is amended to read:

62M.06 [APPEALS OF DETERMINATIONS NOT TO CERTIFY.]

Subdivision 1. [PROCEDURES FOR APPEAL.] A utilization review organization must have written procedures for appeals of determinations not to certify ~~an admission, procedure, service, or extension of stay~~. The right to appeal must be available to the enrollee ~~or designee~~ and to the attending physician health care professional. ~~The right of appeal must be communicated to the enrollee or designee or to the attending physician, whomever initiated the original certification request, at the time that the original determination is communicated.~~

Subd. 2. [EXPEDITED APPEAL.] (a) When an initial determination not to certify a health care service is made prior to or during an ongoing service requiring review; and the attending physician health care professional believes that the determination warrants ~~immediate~~ an expedited appeal, the utilization review organization must ensure that the enrollee and the attending physician, enrollee, or designee has health care professional have an opportunity to appeal the determination over the telephone on an expedited basis. In such an appeal, the utilization review organization must ensure reasonable access to its consulting physician or health care provider. ~~Expedited appeals that are not resolved may be resubmitted through the standard appeal process.~~

(b) The utilization review organization shall notify the enrollee and attending health care professional by telephone of its determination on the expedited appeal as expeditiously as the enrollee's medical condition requires, but no later than 72 hours after receiving the expedited appeal.

(c) If the determination not to certify is not reversed through the expedited appeal, the utilization review organization must include in its notification the right to submit the appeal to the external appeal process described in section 62Q.73 and the procedure for initiating the process. This information must be provided in writing to the enrollee and the attending health care professional as soon as practical.

Subd. 3. [STANDARD APPEAL.] The utilization review organization must establish procedures for appeals to be made either in writing or by telephone.

(a) ~~Each~~ A utilization review organization shall notify in writing the enrollee ~~or patient~~, attending physician health care professional, and claims administrator of its determination on the appeal as soon as practical, but in no case later than 45 days after receiving the required documentation on the appeal within 30 days upon receipt of the notice of appeal. If the utilization review organization cannot make a determination within 30 days due to circumstances outside the control of the utilization review organization, the utilization review organization may take up to 14 additional days to notify the enrollee, attending health care professional, and claims administrator of its determination. If the utilization review organization takes any additional days beyond the initial 30-day period to make its determination, it must inform the enrollee, attending health care professional, and claims administrator, in advance, of the extension and the reasons for the extension.

(b) The documentation required by the utilization review organization may include copies of part or all of the medical record and a written statement from the attending health care provider professional.

(c) Prior to upholding the ~~original decision~~ initial determination not to certify for clinical reasons, the utilization review organization shall conduct a review of the documentation by a physician who did not make the ~~original~~ initial determination not to certify.

(d) The process established by a utilization review organization may include defining a period within which an appeal must be filed to be considered. The time period must be communicated to the ~~patient, enrollee, or~~ and attending physician health care professional when the initial determination is made.

(e) An attending physician health care professional or enrollee who has been unsuccessful in an attempt to reverse a determination not to certify shall, consistent with section 72A.285, be provided the following:

- (1) a complete summary of the review findings;
- (2) qualifications of the reviewers, including any license, certification, or specialty designation; and
- (3) the relationship between the enrollee's diagnosis and the review criteria used as the basis for the decision, including the specific rationale for the reviewer's decision.

(f) In cases of appeal to reverse a determination not to certify for clinical reasons, the utilization review organization must, upon request of the attending physician health care professional, ensure that a physician of the utilization review organization's choice in the same or a similar general specialty as typically manages the medical condition, procedure, or treatment under discussion is reasonably available to review the case.

(g) If the initial determination is not reversed on appeal, the utilization review organization must include in its notification the right to submit the appeal to the external review process described in section 62Q.73 and the procedure for initiating the external process.

Subd. 4. [NOTIFICATION TO CLAIMS ADMINISTRATOR.] If the utilization review organization and the claims administrator are separate entities, the utilization review organization must forward notify, either electronically or in writing, a notification of certification or determination not to certify to the appropriate claims administrator for the health benefit plan of any determination not to certify that is reversed on appeal.

Sec. 24. Minnesota Statutes 1998, section 62M.07, is amended to read:

62M.07 [PRIOR AUTHORIZATION OF SERVICES.]

(a) Utilization review organizations conducting prior authorization of services must have written standards that meet at a minimum the following requirements:

- (1) written procedures and criteria used to determine whether care is appropriate, reasonable, or medically necessary;
- (2) a system for providing prompt notification of its determinations to enrollees and providers and for notifying the provider, enrollee, or enrollee's designee of appeal procedures under clause (4);
- (3) compliance with section ~~72A.201~~ 62M.05, subdivision ~~4a~~ 3a, regarding time frames for approving and disapproving prior authorization requests;
- (4) written procedures for appeals of denials of prior authorization which specify the responsibilities of the enrollee and provider, and which meet the requirements of ~~section~~ sections 62M.06 and 72A.285, regarding release of summary review findings; and
- (5) procedures to ensure confidentiality of patient-specific information, consistent with applicable law.

(b) No utilization review organization, health plan company, or claims administrator may conduct or require prior authorization of emergency confinement or emergency treatment. The enrollee or the enrollee's authorized representative may be required to notify the health plan company, claims administrator, or utilization review organization as soon after the beginning of the emergency confinement or emergency treatment as reasonably possible.

Sec. 25. Minnesota Statutes 1998, section 62M.09, subdivision 3, is amended to read:

Subd. 3. [PHYSICIAN REVIEWER INVOLVEMENT.] A physician must review all cases in which the utilization review organization has concluded that a determination not to certify for clinical reasons is appropriate. The physician should be reasonably available by telephone to discuss the determination with the attending ~~physician~~ health care professional. This subdivision does not apply to outpatient mental health or substance abuse services governed by subdivision 3a.

Sec. 26. Minnesota Statutes 1998, section 62M.10, subdivision 2, is amended to read:

Subd. 2. [REVIEWS DURING NORMAL BUSINESS HOURS.] A utilization review organization must conduct its telephone reviews, on-site reviews, and hospital communications during ~~hospitals' and physicians'~~ reasonable and normal business hours, unless otherwise mutually agreed.

Sec. 27. Minnesota Statutes 1998, section 62M.10, subdivision 5, is amended to read:

Subd. 5. [ORAL REQUESTS FOR INFORMATION.] Utilization review organizations shall orally inform, upon request, designated hospital personnel or the attending ~~physician~~ health care professional of the utilization review requirements of the specific health benefit plan and the general type of criteria used by the review agent. Utilization review organizations should also orally inform, upon request, ~~hospitals, physicians, and other health care professionals~~ a provider of the operational procedures in order to facilitate the review process.

Sec. 28. Minnesota Statutes 1998, section 62M.10, subdivision 7, is amended to read:

Subd. 7. [AVAILABILITY OF CRITERIA.] Upon request, a utilization review organization shall provide to an enrollee or to ~~an attending physician or~~ a provider the criteria used for a specific procedure to determine the necessity, appropriateness, and efficacy of that procedure and identify the database, professional treatment guideline, or other basis for the criteria.

Sec. 29. Minnesota Statutes 1998, section 62M.12, is amended to read:

62M.12 [PROHIBITION OF INAPPROPRIATE INCENTIVES.]

No individual who is performing utilization review may receive any financial incentive based on the number of denials of certifications made by such individual, provided that utilization review organizations may establish medically appropriate performance standards. This prohibition does not apply to financial incentives established between health ~~plans~~ plan companies and ~~their~~ providers.

Sec. 30. Minnesota Statutes 1998, section 62M.15, is amended to read:

62M.15 [APPLICABILITY OF OTHER CHAPTER REQUIREMENTS.]

The requirements of this chapter regarding the conduct of utilization review are in addition to any specific requirements contained in chapter 62A, 62C, 62D, 62Q, 62T, or 72A.

Sec. 31. Minnesota Statutes 1998, section 62Q.106, is amended to read:

62Q.106 [DISPUTE RESOLUTION BY COMMISSIONER.]

A complainant may at any time submit a complaint to the appropriate commissioner to investigate. After investigating a complaint, or reviewing a company's decision, the appropriate commissioner may order a remedy as authorized under ~~section 62Q.30~~ or chapter 45, 60A, or 62D.

Sec. 32. Minnesota Statutes 1998, section 62Q.19, subdivision 5a, is amended to read:

Subd. 5a. [COOPERATION.] Each health plan company and essential community provider shall cooperate to facilitate the use of the essential community provider by the high risk and special needs populations. This includes cooperation on the submission and processing of claims, sharing of all pertinent records and data, including performance indicators and specific outcomes data, and the use of all dispute resolution methods ~~as defined in section 62Q.11, subdivision 1.~~

Sec. 33. [62Q.68] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] For purposes of sections 62Q.68 to 62Q.72, the terms defined in this section have the meanings given them.

Subd. 2. [COMPLAINT.] "Complaint" means any grievance against a health plan company that is not the subject of litigation and that has been submitted by a complainant to a health plan company regarding the provision of health services including, but not limited to, the scope of coverage for health care services; retrospective denials or limitations of payment for services; eligibility issues; denials, cancellations, or nonrenewals of coverage; administrative operations; and the quality, timeliness, and appropriateness of health care services rendered. If the complaint is from an applicant, the complaint must relate to the application. If the complaint is from a former enrollee, the complaint must relate to services received during the period of time the individual was an enrollee. Any complaint requiring a medical determination in its resolution must have the medical determination aspect of the complaint processed under the appeal procedure described in section 62M.06.

Subd. 3. [COMPLAINANT.] "Complainant" means an enrollee, applicant, or former enrollee, or anyone acting on behalf of an enrollee, applicant, or former enrollee who submits a complaint.

Sec. 34. [62Q.681] [APPLICATION.]

(a) Sections 62Q.69 and 62Q.70 do not apply to governmental programs. For purposes of this section, "governmental programs" means the medical assistance program, the MinnesotaCare program, the general assistance medical care program, and the federal Medicare program.

(b) For purposes of sections 62Q.69 and 62Q.70, the term "health plan company" does not include an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01 or a nonprofit health service plan corporation regulated under chapter 62C that only provides dental coverage or vision coverage.

Sec. 35. [62Q.69] [COMPLAINT RESOLUTION.]

Subdivision 1. [ESTABLISHMENT.] Each health plan company must establish and maintain an internal complaint resolution process that meets the requirements of this section to provide for the resolution of a complaint initiated by a complainant.

Subd. 2. [PROCEDURES FOR FILING A COMPLAINT.] (a) A complainant may submit a complaint to a health plan company either by telephone or in writing. If a complaint is submitted orally and the resolution of the complaint, as determined by the complainant, is partially or wholly adverse to the complainant, or the oral complaint is not resolved to the satisfaction of the complainant, by the health plan company within ten days of receiving the complaint, the health plan company must inform the complainant that the complaint may be submitted in writing. If the complainant wants to submit in writing a complaint that was previously submitted orally and so informs the health plan company, the health plan company must complete the complaint form and promptly mail the completed form to the complainant for the complainant's signature. The complaint form must include the following information:

(1) the telephone number of the office of health care consumer assistance, advocacy, and information, and the health plan company member services or other departments or persons equipped to advise complainants on complaint resolution;

(2) the address to which the form must be sent;

(3) a description of the health plan company's internal complaint procedure and the applicable time limits; and

(4) the toll-free telephone number of either the commissioner of health or commerce and notification that the complainant has the right to submit the complaint at any time to the appropriate commissioner for investigation.

(b) Upon receipt of a written complaint, the health plan company must notify the complainant within ten business days that the complaint was received, unless the complaint is resolved to the satisfaction of the complainant within the ten business days.

(c) At the complainant's request, a health plan company must provide a complainant with any assistance needed to submit a written complaint.

(d) Each health plan company must provide, in the member handbook, subscriber contract, or certification of coverage, a clear and concise description of how to submit a complaint and a statement that, upon request, assistance in submitting a written complaint is available from the health plan company.

Subd. 3. [NOTIFICATION OF COMPLAINT DECISIONS.] (a) The health plan company must notify the complainant in writing of its decision and the reasons for it as soon as practical but in no case later than 30 days after receipt of a written complaint. If the health plan company cannot make a decision within 30 days due to circumstances outside the control of the health plan company, the health plan company may take up to 14 additional days to notify the complainant of its decision. If the health plan company takes any additional days beyond the initial 30-day period to make its decision, it must inform the complainant, in advance, of the extension and the reasons for the extension.

(b) If the decision is partially or wholly adverse to the complainant, the notification must inform the complainant of the right to appeal the decision to the health plan company's internal appeal process described in section 62Q.70 and the procedure for initiating an appeal.

(c) The notification must also inform the complainant of the right to submit the complaint at any time to either the commissioner of health or commerce for investigation and the toll-free telephone number of the appropriate commissioner.

Sec. 36. [62Q.70] [APPEAL OF THE COMPLAINT DECISION.]

Subdivision 1. [ESTABLISHMENT.] (a) Each health plan company shall establish an internal appeal process for reviewing a health plan company's decision regarding a complaint filed in accordance with section 62Q.69. The appeal process must meet the requirements of this section.

(b) The person or persons with authority to resolve or recommend the resolution of the internal appeal must not be solely the same person or persons who made the complaint decision under section 62Q.69.

(c) The internal appeal process must permit the receipt of testimony, correspondence, explanations, or other information from the complainant, staff persons, administrators, providers, or other persons as deemed necessary by the person or persons investigating or presiding over the appeal.

Subd. 2. [PROCEDURES FOR FILING AN APPEAL.] If a complainant notifies the health plan company of the complainant's desire to appeal the health plan company's decision regarding the complaint through the internal appeal process, the health plan company must provide the complainant the option for the appeal to occur either in writing or by hearing.

Subd. 3. [NOTIFICATION OF APPEAL DECISIONS.] (a) If a complainant appeals in writing, the health plan company must give the complainant written notice of the appeal decision and all key findings within 30 days of the health plan company's receipt of the complainant's written reconsideration materials. If a complainant appeals by hearing, the health plan company must give the complainant written notice of the appeal decision and all key findings within 45 days of the hearing.

(b) If the appeal decision is partially or wholly adverse to the complainant, the notice must advise the complainant of the right to submit the appeal decision to the external review process described in section 62Q.73 and the procedure for initiating the external process.

(c) Upon the request of the complainant, the health plan company must provide the complainant with a complete summary of the appeal decision.

Sec. 37. [62Q.71] [NOTICE TO ENROLLEES.]

Each health plan company shall provide to enrollees a clear and concise description of its complaint resolution procedure, as applicable under section 62Q.681, and of the procedure used for utilization review as defined under chapter 62M as part of the member handbook, subscriber contract, or certificate of coverage. If the health plan company does not issue a member handbook, the health plan company may provide the description in another written document. The description must specifically inform enrollees:

- (1) how to submit a complaint to the health plan company;
- (2) if the health plan includes utilization review requirements, how to notify the utilization review organization in a timely manner and how to obtain certification for health care services;
- (3) how to request an appeal either through the procedures described in sections 62Q.69 and 62Q.70 or through the procedures described in chapter 62M;
- (4) of the right to file a complaint with either the commissioner of health or commerce at any time during the complaint and appeal process;
- (5) the toll-free telephone number of the appropriate commissioner;
- (6) the telephone number of the office of consumer assistance, advocacy, and information; and
- (7) of the right to obtain an external review under section 62Q.73 and a description of when and how those rights may be exercised.

Sec. 38. [62Q.72] [RECORDKEEPING; REPORTING.]

Subdivision 1. [RECORDKEEPING.] Each health plan company shall maintain records of all enrollee complaints and their resolutions. These records shall be retained for five years and shall be made available to the appropriate commissioner upon request. An insurance company licensed under chapter 60A may instead comply with section 72A.20, subdivision 30.

Subd. 2. [REPORTING.] Each health plan company shall submit to the appropriate commissioner, as part of the company's annual filing, data on the number and type of complaints that are not resolved within 30 days, except that the time period is 30 business days as provided under section 72A.201, subdivision 4, clause (3), for insurance companies licensed under chapter 60A. The commissioner shall also make this information available to the public upon request.

Sec. 39. [62Q.73] [EXTERNAL REVIEW OF ADVERSE DETERMINATIONS.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) An "adverse determination" means:

(1) a complaint decision relating to a health care service or claim that has been appealed in accordance with section 62Q.70 and the appeal decision is partially or wholly adverse to the complainant; or

(2) any initial determination not to certify that has been appealed in accordance with section 62M.06 and the appeal did not reverse the initial determination not to certify.

An adverse determination does not include complaints relating to fraudulent marketing practices or agent misrepresentation.

(c) "Qualified neutral" means a person certified by the commissioners of health and commerce under this section to perform external reviews.

Subd. 2. [RIGHT TO EXTERNAL REVIEW.] (a) Any enrollee or anyone acting on behalf of an enrollee who has received an adverse determination may submit a written request for an external review of the adverse determination if applicable under section 62Q.681 or 62M.06 to the commissioner of health if the request involves a health plan company regulated by that commissioner or to the commissioner of commerce if the request involves a health plan company regulated by that commissioner. The written request must be accompanied by a filing fee of \$25.

(b) Nothing in this section requires the commissioner of health or commerce to independently investigate an adverse determination referred for independent external review.

(c) If an enrollee requests an external review, the health plan company must participate in the external review. The cost of the external review in excess of the filing fee described in paragraph (a) shall be borne by the health plan company.

Subd. 3. [LIST OF QUALIFIED NEUTRALS.] The commissioners of health and commerce shall jointly establish and maintain a list of qualified neutrals certified under this section to perform external reviews. The commissioners shall ensure, to the extent practicable, that the qualified neutrals on the list together have sufficient capacity to fulfill the expected demand for external reviews in a timely fashion. The commissioners shall ensure that the fees for services rendered in connection with the reviews are reasonable. The commissioners shall publish the list of qualified neutrals at least annually.

Subd. 4. [CERTIFICATION OF QUALIFIED NEUTRALS.] (a) The commissioners of health and commerce may certify any qualified neutrals that satisfy the requirements of this subdivision. To apply for certification, a person must submit to the commissioners an application for certification, on a form prescribed by the commissioners. After certification, a qualified neutral must report to the commissioners any changes in the information provided on the application form within 30 days. Certification for qualified neutrals shall be renewed every two years.

(b) The commissioners shall provide ongoing oversight of the qualified neutrals to ensure their compliance with this section and to ensure their neutrality. The commissioners may suspend or revoke a certification or take other disciplinary and enforcement actions permitted under chapter 45 or 144, and may establish data reporting requirements and reporting schedules for certified qualified neutrals.

(c) To be certified and maintain certification, an applicant for certification must meet the following standards to the satisfaction of the commissioners:

(1) no conflicts of interest in that it is not owned, a subsidiary, or affiliate as defined in section 302A.11, subdivision 43, of a health plan company or utilization review organization;

- (2) an expertise in dispute resolution;
- (3) an expertise in health-related law;
- (4) an ability to conduct reviews using a variety of procedures depending upon the nature of the dispute;
- (5) an ability to provide data to the commissioners of health and commerce on reviews conducted; and
- (6) an ability to ensure confidentiality of medical records and other enrollee information.

Subd. 5. [STANDARDS OF REVIEW.] (a) For an external review of any issue in an adverse determination that does not require a medical determination, the external review must be based on whether the adverse determination was in compliance with the complainant's health benefit plan.

(b) For an external review of any issue in an adverse determination that requires a medical determination, the external review must be based on standards of medical necessity that are generally accepted by health care providers in the community.

Subd. 6. [PROCESS.] (a) Upon receipt of a request for an external review, the appropriate commissioner shall promptly assign and transmit the request to a qualified neutral. The assignment of a request to a qualified neutral must be random, except that the commissioner may take into account the capacity and areas of expertise of each qualified neutral. Upon receiving a request for an external review, the qualified neutral must provide immediate notice of the review to the enrollee and to the health plan company. Within ten business days of receiving notice of the review the health plan company and the enrollee must provide the qualified neutral with any information that they wish to be considered. Each party shall be provided an opportunity to present its version of the facts and arguments. An enrollee may be assisted or represented by a person of the enrollee's choice.

(b) As part of the external review process, an independent medical opinion may be sought as necessary. A medical review panel may be used to provide additional technical expertise when the issue presented is complex and clinical guidelines are absent, ambiguous, unclear, or conflicting.

(c) An external review shall be made as soon as practical but in no case later than 40 days after receiving the request for an external review. The qualified neutral must promptly send written notice of the decision and the reasons for it to the enrollee, the health plan company, and to the commissioner who is responsible for regulating the health plan company.

Subd. 7. [EFFECTS OF EXTERNAL REVIEW.] A decision rendered under this section shall be binding on the health plan company and the enrollee. The health plan company and the enrollee may seek judicial review of the decision on the grounds that the decision was arbitrary and capricious or involved an abuse of discretion.

Subd. 8. [IMMUNITY FROM CIVIL LIABILITY.] A person who participates in an external review by investigating, reviewing materials, providing technical expertise, or rendering a decision shall not be civilly liable for any action that is taken in good faith, that is within the scope of the person's duties, and that does not constitute willful or reckless misconduct.

Subd. 9. [DATA REPORTING.] The commissioners shall make available to the public, upon request, summary data on the decisions rendered under this section, including the number of reviews heard and decided and the final outcomes. Any data released to the public must not individually identify the enrollee initiating the request for external review.

Sec. 40. Minnesota Statutes 1998, section 62T.04, is amended to read:

62T.04 [COMPLAINT SYSTEM.]

Accountable provider networks must establish and maintain an enrollee complaint system as required under ~~section 62Q.105~~ sections 62Q.68 to 62Q.72. The accountable provider network may contract with the health care purchasing alliance or a vendor for operation of this system.

Sec. 41. Minnesota Statutes 1998, section 72A.201, subdivision 4a, is amended to read:

Subd. 4a. [STANDARDS FOR PREAUTHORIZATION APPROVAL.] If a policy of accident and sickness insurance or a subscriber contract requires preauthorization approval for any nonemergency services or benefits, the decision to approve or disapprove the requested services or benefits must be ~~communicated to the insured or the insured's health care provider within ten business days of the preauthorization request provided that all information reasonably necessary to make a decision on the request has been made available to the insurer~~ processed according to section 62M.07.

Sec. 42. Minnesota Statutes 1998, section 256B.692, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF THE COMMISSIONER OF HEALTH.] Notwithstanding chapters 62D and 62N, a county that elects to purchase medical assistance and general assistance medical care in return for a fixed sum without regard to the frequency or extent of services furnished to any particular enrollee is not required to obtain a certificate of authority under chapter 62D or 62N. A county that elects to purchase medical assistance and general assistance medical care services under this section must satisfy the commissioner of health that the requirements of chapter 62D, applicable to health maintenance organizations, or chapter 62N, applicable to community integrated service networks, will be met. A county must also assure the commissioner of health that the requirements of sections 62J.041; 62J.48; 62J.71 to 62J.73; 62M.01 to 62M.16; all applicable provisions of chapter 62Q, including sections 62Q.07; 62Q.075; ~~62Q.105~~; 62Q.1055; 62Q.106; ~~62Q.11~~; 62Q.12; 62Q.135; 62Q.14; 62Q.145; 62Q.19; 62Q.23, paragraph (c); ~~62Q.30~~; 62Q.43; 62Q.47; 62Q.50; 62Q.52 to 62Q.56; 62Q.58; 62Q.64; 62Q.68 to 62Q.72; and 72A.201 will be met. All enforcement and rulemaking powers available under chapters 62D, 62J, 62M, 62N, and 62Q are hereby granted to the commissioner of health with respect to counties that purchase medical assistance and general assistance medical care services under this section.

Sec. 43. [REPEALER.]

(a) Minnesota Statutes 1998, sections 62D.11, subdivisions 1b and 2; and 62Q.11, are repealed.

(b) Minnesota Statutes 1998, sections 62Q.105 and 62Q.30, are repealed.

(c) Minnesota Rules, parts 4685.0100, subparts 4 and 4a; and 4685.1700, are repealed.

Sec. 44. [EFFECTIVE DATE.]

Sections 1 to 42 and 43, paragraphs (a) and (c), are effective July 1, 2000.

Section 43, paragraph (b), is effective July 1, 1999."

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1219, A bill for an act relating to health; establishing a uniform complaint resolution process for health plan companies; establishing an external review process; amending Minnesota Statutes 1998, sections 62D.11, subdivision 1; 62M.01; 62M.02, subdivisions 3, 4, 5, 6, 7, 9, 10, 11, 12, 17, 20, 21, and by adding a subdivision; 62M.03, subdivisions 1 and 3; 62M.04, subdivisions 1, 2, 3, and 4; 62M.05; 62M.06; 62M.07; 62M.09, subdivision 3; 62M.10, subdivisions 2, 5, and 7; 62M.12; 62M.15; 62Q.106; 62Q.19, subdivision 5a; 62T.04; 72A.201, subdivision 4a; and 256B.692, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 62D; and 62Q; repealing Minnesota Statutes 1998, sections 62D.11, subdivisions 1b and 2; 62Q.105; and 62Q.30; Minnesota Rules, parts 4685.0100, subparts 4 and 4a; 4685.1010, subpart 3; and 4685.1700.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holberg	Luther	Pawlenty	Sykora
Abrams	Dorn	Holsten	Mahoney	Paymar	Tingelstad
Anderson, B.	Entenza	Howes	Mares	Pelowski	Tomassoni
Anderson, I.	Erhardt	Huntley	Mariani	Pugh	Trimble
Bakk	Erickson	Jaros	McElroy	Rest	Tuma
Biernat	Finseth	Jennings	McGuire	Reuter	Tunheim
Bishop	Folliard	Johnson	Milbert	Rifenberg	Van Dellen
Boudreau	Fuller	Juhnke	Molnau	Rostberg	Vandever
Bradley	Gerlach	Kahn	Mulder	Rukavina	Wagenius
Broecker	Gleason	Kalis	Mullery	Schumacher	Wejzman
Buesgens	Goodno	Kelliher	Murphy	Seagren	Wenzel
Carlson	Gray	Knoblach	Ness	Seifert, J.	Westerberg
Carruthers	Greenfield	Koskinen	Nornes	Seifert, M.	Westfall
Cassell	Greiling	Kubly	Olson	Skoe	Westrom
Chaudhary	Gunther	Kuise	Opatz	Skoglund	Wilkin
Clark, J.	Haas	Larsen, P.	Orfield	Smith	Winter
Clark, K.	Hackbarth	Larson, D.	Osskopp	Solberg	Wolf
Daggett	Harder	Leighton	Osthoff	Stanek	Workman
Dawkins	Hasskamp	Lenczewski	Otremba	Stang	Spk. Sviggum
Dehler	Hausman	Leppik	Ozment	Storm	
Dempsey	Hilty	Lieder	Paulsen	Swenson	

Those who voted in the negative were:

Haake Krinkie

The bill was passed, as amended, and its title agreed to.

S. F. No. 148 was reported to the House.

Haas moved to amend S. F. No. 148 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 478, the second engrossment:

"Section 1. [549.30] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] For purposes of sections 549.30 to 549.34, the terms defined in this section have the meanings given them.

Subd. 2. [ANNUITY ISSUER.] "Annuity issuer" means an insurer that has issued an annuity contract to be used to fund periodic payments under a structured settlement.

Subd. 3. [APPLICABLE LAW.] "Applicable law" means: (1) the laws of the United States; (2) the laws of this state, including principles of equity applied in the courts of this state; and (3) the laws of any other jurisdiction: (i) which is the domicile of the payee or any other interested party; (ii) under whose laws a structured settlement agreement was approved by a court or responsible administrative authority; or (iii) in whose courts a settled claim was pending when the parties entered into a structured settlement agreement.

Subd. 4. [DEPENDENTS.] "Dependents" means a payee's spouse and minor children and all other family members and other persons for whom the payee is legally obligated to provide support, including spousal maintenance.

Subd. 5. [DISCOUNTED PRESENT VALUE.] "Discounted present value" means, with respect to a proposed transfer of structured settlement payment rights, the fair present value of future payments, as determined by discounting the payments to the present using the most recently published applicable federal rate for determining the present value of an annuity, as issued by the United States Internal Revenue Service.

Subd. 6. [FAVORABLE TAX DETERMINATION.] "Favorable tax determination" means any of the following authorities that definitely establishes that the federal income tax treatment of the structured settlement for the parties to the structured settlement agreement and any qualified assignment agreement, other than the payee, will not be affected by the transfer:

- (1) a provision of the United States Internal Revenue Code or a United States Treasury regulation;
- (2) a revenue ruling or revenue procedure issued by the United States Internal Revenue Service;
- (3) a private letter ruling by the United States Internal Revenue Service with respect to the transfer; or
- (4) a decision of the United States Supreme Court or a decision of a lower court in which the United States Internal Revenue Service has acquiesced.

Subd. 7. [INDEPENDENT PROFESSIONAL ADVICE.] "Independent professional advice" means advice of an attorney, certified public accountant, actuary, or other professional adviser: (1) who is engaged by a payee to render advice concerning the legal, tax, and financial implications of a transfer of structured settlement payment rights; (2) who is not in any manner affiliated with or compensated by the transferee of the transfer; and (3) whose compensation for providing the advice is not affected by whether a transfer occurs or does not occur.

Subd. 8. [INTERESTED PARTIES.] "Interested parties" means the payee, a beneficiary designated under the annuity contract to receive payments following the payee's death or, if the designated beneficiary is a minor, the designated beneficiary's parent or guardian, the annuity issuer, the structured settlement obligor, and any other party that has continuing rights or obligations under the structured settlement.

Subd. 9. [PAYEE.] "Payee" means an individual who is receiving tax free damage payments under a structured settlement and proposes to make a transfer of payment rights under the structured settlement.

Subd. 10. [QUALIFIED ASSIGNMENT AGREEMENT.] "Qualified assignment agreement" means an agreement providing for a qualified assignment as provided by the United States Internal Revenue Code, title 26, section 130, as amended through December 31, 1998.

Subd. 11. [RESPONSIBLE ADMINISTRATIVE AUTHORITY.] "Responsible administrative authority" means a government authority vested by law with exclusive jurisdiction over the settled claim resolved by the structured settlement.

Subd. 12. [SETTLED CLAIM.] "Settled claim" means the original tort claim or workers' compensation claim resolved by a structured settlement.

Subd. 13. [STRUCTURED SETTLEMENT.] "Structured settlement" means an arrangement for periodic payment of damages for personal injuries established by settlement or judgment in resolution of a tort claim or for periodic payments in settlement of a workers' compensation claim.

Subd. 14. [STRUCTURED SETTLEMENT AGREEMENT.] "Structured settlement agreement" means the agreement, judgment, stipulation, or release embodying the terms of a structured settlement, including the rights of the payee to receive periodic payments.

Subd. 15. [STRUCTURED SETTLEMENT OBLIGOR.] "Structured settlement obligor" means the party that has the continuing periodic payment obligation to the payee under a structured settlement agreement or a qualified assignment agreement.

Subd. 16. [STRUCTURED SETTLEMENT PAYMENT RIGHTS.] "Structured settlement payment rights" means rights to receive periodic payments, including lump sum payments, under a structured settlement, whether from the settlement obligor or the annuity issuer, where: (1) the payee or any other interested party is domiciled in the state; (2) the structured settlement agreement was approved by a court or responsible administrative authority in the state; or (3) the settled claim was pending before the courts of this state when the parties entered into the structured settlement agreement.

Subd. 17. [TERMS OF THE STRUCTURED SETTLEMENT.] "Terms of the structured settlement" means the terms of the structured settlement agreement, the annuity contract, a qualified assignment agreement, and an order or approval of a court, responsible administrative authority, or other government authority authorizing or approving the structured settlement.

Subd. 18. [TRANSFER.] "Transfer" means a sale, assignment, pledge, hypothecation, or other form of alienation or encumbrance made by a payee for consideration.

Subd. 19. [TRANSFER AGREEMENT.] "Transfer agreement" means the agreement providing for transfer of structured settlement payment rights from a payee to a transferee.

Subd. 20. [TRANSFEREE.] "Transferee" means a person who is receiving or will receive structured settlement payment rights resulting from a transfer.

Sec. 2. [549.31] [CONDITIONS TO TRANSFERS OF STRUCTURED SETTLEMENT PAYMENT RIGHTS.]

Subdivision 1. [GENERALLY.] No direct or indirect transfer of structured settlement payment rights is effective and no structured settlement obligor or annuity issuer is required to make a payment directly or indirectly to a transferee of structured settlement payment rights unless the transfer has been authorized in advance in a final order of a court of competent jurisdiction or responsible administrative authority, based on the court's or responsible administrative authority's express written findings that:

(a) the transfer complies with the requirements of sections 549.30 to 549.34 and will not contravene other applicable law;

(b) not less than ten days before the date on which the payee first incurred an obligation with respect to the transfer, the transferee has provided to the payee a disclosure statement in bold type, no smaller than 14 points, specifying:

(1) the amounts and due dates of the structured settlement payments to be transferred;

(2) the aggregate amount of the payments;

(3) the discounted present value of the payments, together with the discount rate used in determining the discounted present value;

(4) the gross amount payable to the payee in exchange for the payments;

(5) an itemized listing of all brokers' commissions, service charges, application fees, processing fees, closing costs, filing fees, administrative fees, legal fees, notary fees, and other commissions, fees, costs, expenses, and charges payable by the payee or deductible from the gross amount otherwise payable to the payee;

(6) the net amount payable to the payee after deduction of all commissions, fees, costs, expenses, and charges described in clause (5);

(7) the quotient, expressed as a percentage, obtained by dividing the net payment amount by the discounted present value of the payments; and

(8) the amount of any penalty and the aggregate amount of any liquidated damages, including penalties, payable by the payee in the event of any breach of the transfer agreement by the payee;

(c) the payee has established that the transfer is in the best interests of the payee;

(d) the payee has received independent professional advice regarding the legal, tax, and financial implications of the transfer;

(e) if the transfer would contravene the terms of the structured settlement:

(1) the transfer has been expressly approved in writing by: (i) each interested party, provided that if, at the time the payee and transferee entered into the transfer agreement, a favorable tax determination was in effect, then the approval of the annuity issuer and the structured settlement obligor is not required if all other interested parties approve the transfer and waive any and all rights to require that the transferred payments be made to the payee as provided under the terms of the structured settlement; and (ii) any court or responsible administrative authority that previously approved the structured settlement; and

(2) signed originals of all approvals required under paragraph (e), clause (1), have been filed with the court from which authorization of the transfer is sought under this section, and originals or copies have been furnished to all interested parties;

(f) the transferee has given written notice of the transferee's name, address, and taxpayer identification number to the annuity issuer and the structured settlement obligor and has filed a copy of the notice with the court or responsible administrative authority; and

(g) the transfer agreement provides that any disputes between the parties will be governed, interpreted, construed, and enforced in accordance with the laws of this state and that the domicile state of the payee is the proper place of venue to bring any cause of action arising out of a breach of the agreement. The transfer agreement must also provide that the parties agree to the jurisdiction of any court of competent jurisdiction located in this state.

Subd. 2. [DISCLOSURE STATEMENT.] No structured settlement agreement is effective unless, not less than ten days before the effective date of the structured settlement agreement, the structured settlement obligor has provided to the payee a disclosure statement in bold type, no smaller than 14 points, specifying:

(1) the amounts and due dates of the structured settlement payments;

(2) the aggregate amount of the payments;

(3) the discounted present value of the payments, together with the discount rate used in determining the discounted present value;

(4) an itemized listing of all brokers' commissions, service charges, application fees, processing fees, closing costs, filing fees, referral fees, administrative fees, legal fees, notary fees, and other commissions, fees, costs, expenses, and charges payable by the payee or deductible from the gross amount otherwise payable to the payee;

(5) the net amount payable to the payee after deduction of all commissions, fees, costs, expenses, and charges described in clause (4);

(6) the quotient, expressed as a percentage, obtained by dividing the net payment amount by the discounted present value of the payments; and

(7) the amount of any penalty and the aggregate amount of any liquidated damages, including penalties, payable by the payee in the event of any breach of the structured settlement agreement by the payee.

Sec. 3. [549.32] [JURISDICTION; PROCEDURE FOR APPROVAL OF TRANSFERS.]

Subdivision 1. [JURISDICTION.] The district court has nonexclusive jurisdiction over an application for authorization under section 549.31 of a transfer of structured settlement payment rights.

Subd. 2. [NOTICE.] Not less than 20 days before the scheduled hearing on an application for authorization of a transfer of structured settlement payment rights under section 549.31, the transferee shall file with the court or responsible administrative authority and serve on: any other government authority that previously approved the structured settlement; and all interested parties, a notice of the proposed transfer and the application for its authorization. The notice must include:

(1) a copy of the transferee's application to the district court;

(2) a copy of the transfer agreement;

(3) a copy of the disclosure statement required under section 549.31, paragraph (b);

(4) notification that an interested party is entitled to support, oppose, or otherwise respond to the transferee's application, either in person or by counsel, by submitting written comments to the court or responsible administrative authority or by participating in the hearing; and

(5) notification of the time and place of the hearing and notification of the manner in which and the time by which written responses to the application must be filed, in order to be considered by the court or responsible administrative authority. Written responses to the application must be filed within 15 days after service of the transferee's notice.

Sec. 4. [549.33] [NO WAIVER; NO PENALTIES.]

Subdivision 1. [NO WAIVER.] The provisions of sections 549.30 to 549.34 may not be waived.

Subd. 2. [NO PENALTY.] No payee who proposes to make a transfer of structured settlement payment rights shall incur a penalty, forfeit an application fee or other payment, or otherwise incur any liability to the proposed transferee based on the failure of the transfer to satisfy the conditions of section 549.31.

Sec. 5. [549.34] [CONSTRUCTION.]

Nothing contained in sections 549.30 to 549.34 may be construed to authorize the transfer of structured settlement payment rights in contravention of applicable law or to give effect to the transfer of structured settlement payment rights that is invalid under applicable law.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective August 1, 1999, and apply to structured settlement agreements entered into on or after August 1, 1999, and the transfer of structured settlement payment rights under a transfer agreement entered into on or after August 1, 1999."

Delete the title and insert:

"A bill for an act relating to commerce; providing for the protection of structured settlements; proposing coding for new law in Minnesota Statutes, chapter 549."

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

Haas moved to amend S. F. No. 148, as amended, as follows:

Page 5, line 28, after "payee" insert "and the payee's dependents"

The motion prevailed and the amendment was adopted.

Haas moved to amend S. F. No. 148, as amended, as follows:

Page 6, delete lines 27 to 36, and insert:

"Subd. 2. [INITIAL DISCLOSURE OF STRUCTURED SETTLEMENT TERMS.] In negotiating a structured settlement of claims brought by or on behalf of a claimant who is domiciled in this state, the structured settlement obligor shall disclose in writing to the claimant or the claimant's legal representative all of the following information that is not otherwise specified in the structured settlement agreement:

(1) the amounts and due dates of the periodic payments to be made under the structured settlement agreement. In the case of payments that will be subject to periodic percentage increases, the amounts of future payments may be disclosed by identifying the base payment amount, the amount and timing of scheduled increases, and the manner in which increases will be compounded;

(2) the amount of the premium payable to the annuity issuer;

(3) the discounted present value of all periodic payments that are not life-contingent, together with the discount rate used in determining the discounted present value;

(4) the nature and amount of any cost that may be deducted from any of the periodic payments;

(5) where applicable, that any transfer of the periodic payments is prohibited by the terms of the structured settlement and may otherwise be prohibited or restricted under applicable law; and

(6) that any transfer of the periodic payments by the claimant may subject the claimant to serious adverse tax consequences."

Page 7, delete lines 1 to 18

The motion prevailed and the amendment was adopted.

Seifert, J., and Entenza moved to amend S. F. No. 148, as amended, as follows:

Page 6, after line 26, insert:

"Subd. 2. [UNENFORCEABLE CONFESSIONS OF JUDGMENT.] A confession of judgment executed by a payee for the benefit of a transferee is unenforceable to the extent the amount of the judgment would exceed the amount paid by the transferee to the payee, less any payments received from the structured settlement obligor or the payee."

Page 6, line 27, delete "2" and insert "3"

The motion prevailed and the amendment was adopted.

Seifert, J., moved to amend S. F. No. 148, as amended, as follows:

Page 8, lines 25 and 27, delete "structured settlement" and insert "workers' compensation"

The motion prevailed and the amendment was adopted.

Abeler moved to amend S. F. No. 148, as amended, as follows:

Page 4, line 24, before "No" insert "If the original structured settlement required court approval because the payee was a minor or incapacitated person,"

Page 5, line 33, delete the colon and insert "; and"

Page 5, delete lines 34 to 36 and insert:

"(f) that the transfer agreement provides that any disputes between the parties will be governed, interpreted, construed, and enforced in accordance with the laws of this state and that the domicile state of the payee is the proper place of venue to bring any cause of action arising out of a breach of the agreement. The transfer agreement must also provide that the parties agree to the jurisdiction of any court of competent jurisdiction located in this state.

If the transfer would contravene the terms of the structured settlement, upon the filing of a written objection by any interested party and after considering the objection and any response to it, the court may grant, deny, or impose conditions upon the proposed transfer as the court deems just and proper under the facts and circumstances in accordance with established principles of law. Any order approving a transfer must require that the transferee indemnify the annuity issuer and the structured settlement obligor for any liability including reasonable costs and attorney's fees arising from compliance with the court order by the issuer or obligor."

Page 6, delete lines 1 to 26

Page 8, line 28, after the period, insert "Sections 549.30 to 549.34 do not apply to a structured settlement agreement having a discounted present value of less than or equal to \$5,000."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

Reuter moved to amend S. F. No. 148, as amended, as follows:

Page 4, delete lines 24 to 32 and insert:

"Subdivision 1. [COURT APPROVAL OF CERTAIN TRANSFERS OF STRUCTURED SETTLEMENT PAYMENT RIGHTS.] If the discounted present value of the aggregate payments that are transferred under one or more transfers with respect to a structured settlement agreement exceed \$5,000 or if the original structured settlement required court approval because the payee was a minor or incapacitated person, no direct or indirect transfer of structured settlement payment rights is effective and no structured settlement obligor or annuity issuer is required to make a payment directly or indirectly to a transferee of structured settlement payment rights unless the transfer has been authorized in advance in a final order of a court of competent jurisdiction or responsible administrative authority, based on the court's or responsible administrative authority's written express findings that:"

Page 6, after line 26, insert:

"Subd. 2. [PROFESSIONAL ADVICE AND DISCLOSURE AS CONDITIONS TO TRANSFER.] With respect to the transfer of structured settlement payment rights, where the aggregate payments that are transferred under one or more transfers with respect to a structured settlement agreement have a discounted present value less than or equal to \$5,000 and the transfer does not require court approval under subdivision 1, no direct or indirect transfer of structured settlement payment rights is effective and no structured settlement obligor or annuity issuer is required to make a payment directly or indirectly to a transferee of structured settlement payment rights, unless:

- (1) the disclosures required by subdivision 1, paragraph (b), clauses (1) to (8), have been provided to the payee;
- (2) the notice required by subdivision 1, paragraph (e), has been provided to the annuity issuer and the structured settlement obligor, and includes the discounted present value of the payments being transferred; and
- (3) the payee has received independent professional advice regarding the legal, tax, and financial implications of the transfer."

Page 6, line 27, delete "Subd. 2. [DISCLOSURE STATEMENT.]" and insert "Subd. 3. [CONDITION TO STRUCTURED SETTLEMENT.]"

The motion did not prevail and the amendment was not adopted.

S. F. No. 148, A bill for an act relating to commerce; providing for the protection of structured settlements; amending Minnesota Statutes 1998, section 176.175, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 549.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 111 yeas and 17 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Holsten	Lindner	Pawlenty	Tomassoni
Anderson, B.	Entenza	Howes	Luther	Pelowski	Trimble
Anderson, I.	Erickson	Huntley	Mahoney	Pugh	Tuma
Bakk	Finseth	Jaros	Mares	Rest	Tunheim
Biernat	Folliard	Jennings	Mariani	Rostberg	Van Dellen
Boudreau	Fuller	Johnson	McGuire	Rukavina	Vandever
Bradley	Gleason	Juhnke	Milbert	Schumacher	Wagenius
Broecker	Gray	Kalis	Molnau	Seagren	Wejzman
Carlson	Greenfield	Kelliher	Mulder	Seifert, J.	Wenzel
Carruthers	Greiling	Knoblach	Mullery	Skoe	Westerberg
Cassell	Gunther	Koskinen	Murphy	Skoglund	Westfall
Chaudhary	Haake	Kubly	Ness	Smith	Westrom
Clark, J.	Haas	Kuisle	Nornes	Solberg	Winter
Clark, K.	Hackbarth	Larsen, P.	Olson	Stanek	Wolf
Daggett	Harder	Larson, D.	Opatz	Stang	Workman
Dawkins	Hasskamp	Leighton	Osthoff	Storm	Spk. Sviggum
Dehler	Hausman	Lenczewski	Otremba	Swenson	
Dempsey	Hilty	Leppik	Ozment	Sykora	
Dorman	Holberg	Lieder	Paulsen	Tingelstad	

Those who voted in the negative were:

Abrams	Erhardt	Kahn	McElroy	Paymar	Seifert, M.
Bishop	Gerlach	Kielkucki	Orfield	Reuter	Wilkin
Buesgens	Goodno	Krinkie	Osskopp	Rifenberg	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1621, A bill for an act relating to the environment; modifying provisions relating to judicial review of agency decisions; modifying requirements for incinerator monitors; amending Minnesota Statutes 1998, sections 115.05, subdivision 11; and 116.85, subdivision 3.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 116 yeas and 9 nays as follows:

Those who voted in the affirmative were:

Abeler	Bradley	Daggett	Fuller	Haas	Jennings
Abrams	Broecker	Dehler	Gerlach	Hackbarth	Juhnke
Anderson, B.	Buesgens	Dempsey	Gleason	Harder	Kahn
Anderson, I.	Carlson	Dorman	Goodno	Hilty	Kalis
Bakk	Carruthers	Dorn	Gray	Holberg	Kelliher
Biernat	Cassell	Erhardt	Greenfield	Holsten	Kielkucki
Bishop	Chaudhary	Erickson	Gunther	Howes	Knoblach
Boudreau	Clark, J.	Finseth	Haake	Huntley	Koskinen

Krinkie	Mares	Osskopp	Rukavina	Swenson	Westerberg
Kubly	Mariani	Osthoff	Schumacher	Sykora	Westfall
Kuisle	McElroy	Otremba	Seagren	Tingelstad	Westrom
Larsen, P.	Milbert	Ozment	Seifert, J.	Tomassoni	Wilkin
Larson, D.	Molnau	Paulsen	Seifert, M.	Trimble	Winter
Leighton	Mulder	Pawlenty	Skoe	Tuma	Wolf
Lenczewski	Mullery	Pelowski	Skoglund	Tunheim	Workman
Leppik	Murphy	Pugh	Smith	Van Dellen	Spk. Sviggum
Lieder	Ness	Rest	Solberg	Vandever	
Lindner	Nornes	Reuter	Stanek	Wagenius	
Luther	Olson	Rifenberg	Stang	Wejcman	
Mahoney	Opatz	Rostberg	Storm	Wenzel	

Those who voted in the negative were:

Clark, K.	Folliard	Hasskamp	Jaros	Paymar
Entenza	Greiling	Hausman	McGuire	

The bill was passed and its title agreed to.

H. F. No. 553, A bill for an act relating to employment; requiring that employers allow unpaid leave for employees to perform volunteer firefighter duties; proposing coding for new law in Minnesota Statutes, chapter 181.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Holberg	Lindner	Paulsen	Sykora
Abrams	Entenza	Holsten	Luther	Pawlenty	Tingelstad
Anderson, B.	Erhardt	Howes	Mahoney	Paymar	Tomassoni
Anderson, I.	Erickson	Huntley	Mares	Pelowski	Trimble
Bakk	Finseth	Jaros	Mariani	Pugh	Tuma
Biernat	Folliard	Jennings	McElroy	Rest	Tunheim
Bishop	Fuller	Johnson	McGuire	Rifenberg	Van Dellen
Boudreau	Gerlach	Juhnke	Milbert	Rostberg	Vandever
Bradley	Gleason	Kahn	Molnau	Rukavina	Wagenius
Broecker	Goodno	Kalis	Mulder	Schumacher	Wejcman
Carlson	Gray	Kelliher	Mullery	Seagren	Wenzel
Carruthers	Greenfield	Kielkucki	Murphy	Seifert, J.	Westerberg
Cassell	Greiling	Koskinen	Ness	Seifert, M.	Westfall
Chaudhary	Gunther	Kubly	Nornes	Skoe	Westrom
Clark, J.	Haake	Kuisle	Olson	Skoglund	Wilkin
Clark, K.	Haas	Larsen, P.	Opatz	Smith	Winter
Daggett	Hackbarth	Larson, D.	Orfield	Solberg	Wolf
Dawkins	Harder	Leighton	Osskopp	Stanek	Workman
Dehler	Hasskamp	Lenczewski	Osthoff	Stang	Spk. Sviggum
Dempsey	Hausman	Leppik	Otremba	Storm	
Dorman	Hilty	Lieder	Ozment	Swenson	

Those who voted in the negative were:

Buesgens Krinkie Reuter

The bill was passed and its title agreed to.

MOTIONS AND RESOLUTIONS

Howes moved that the name of Hasskamp be added as an author on H. F. No. 2429. The motion prevailed.

Holsten moved that H. F. No. 595, now on the General Register, be re-referred to the Committee on Ways and Means. The motion prevailed.

McElroy moved that H. F. No. 616 be recalled from the Committee on Taxes and be re-referred to the Committee on Rules and Legislative Administration. The motion prevailed.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 726:

Knoblach, Vandev eer and Kalis.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2420:

Abrams, McElroy, Kuisle, Van Dellen and Rest.

ADJOURNMENT

Pawlenty moved that when the House adjourns today it adjourn until 9:00 a.m., Tuesday, May 4, 1999. The motion prevailed.

Pawlenty moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 9:00 a.m., Tuesday, May 4, 1999.

EDWARD A. BURDICK, Chief Clerk, House of Representatives